



International Labour Conference

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SEVENTEENTH SESSION  
GENEVA, 1933

---

UNEMPLOYMENT INSURANCE  
AND VARIOUS FORMS OF  
RELIEF FOR THE UNEMPLOYED

---

Third Item on the Agenda



GENEVA  
INTERNATIONAL LABOUR OFFICE  
1933

*Enquiries concerning the International Labour Office and its publications may be addressed either to the International Labour Office in Geneva, Switzerland, or to its Branch Offices:*

GREAT BRITAIN: Mr. M. R. K. BRACE, 12 Victoria Street,  
London, S.W.1. (*Telegrams: Interlab, Sowest, London;*  
*Telephone: Victoria 2359.*)

UNITED STATES: Mr. L. MACARSSON, Jackson Place,  
Washington, D.C. (*Telegrams: Interlab, Washington.*)

FRANCE: Mr. MAURO ROGERS, 205, Boulevard St. Germain,  
Paris, 7<sup>e</sup>. (*Telegrams: Interlab, Paris 120; Telephone: Lâtré*  
*92.02.*)

GERMANY: Mr. W. DONAT, Scharnhorststrasse 35, Berlin,  
N.W.40. (*Telegrams: Burintrev, Berlin; Telephone:*  
*Norden D4 0011.*)

ITALY: Mr. A. CARRINI, Villa Aldobrandini, Via Panisperna, 28,  
Rome. (*Telegrams: Interlab, Rome; Telephone: 61.498.*)

INDIA: Mr. P. P. PILLAI, International Labour Office (Indian  
Branch), New Delhi. (*Telegrams: Interlab, New Delhi.*)

CHINA: Mr. CHAN-CHUNG-SING, Ministry of Industry, Nankin.

JAPAN: Mr. J. ASARI, International Labour Office (Tokyo Office),  
Shisei Kaikan Building, Hibiya Park, Kojimachiku, Tokyo.  
(*Telegrams: Kokusairodo, Tokyo; Telephone: Ginza 1580.*)

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PRINTED BY ALBERT KUNDIG, GENEVA.

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## INTRODUCTION

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The Governing Body of the International Labour Office decided at its Fifty-sixth Session, in January 1932, to place the question of unemployment insurance and various forms of relief for the unemployed on the Agenda of the Conference. A proposal was made by the representative of the British employers to the effect that the question be confined to industry, but as several members of the Governing Body indicated dissent this was not pressed. A further proposal was then made to exclude seamen, and the Director remarked that it was not necessary to take a special decision on that point since it was regulated by the usual procedure, which involved submitting the question first to the Joint Maritime Commission. Seamen are not therefore included in the present report. It may be added that at the Second Session of the Conference (Genoa, 1920), a Recommendation was adopted to the effect that "the General Conference, with a view to securing the application to seamen of Part III of the Recommendation concerning unemployment adopted at Washington on 28 November 1919, recommends that each Member of the International Labour Organisation should establish for seamen an effective system of insurance against unemployment arising out of shipwreck or any other cause, either by means of Government insurance or by means of Government subventions to industrial organisations whose rules provide for the payment of benefits to their unemployed members". A Draft Convention was also adopted at the same Session concerning unemployment indemnity in case of loss or foundering of the ship. This Convention came into force on 16 March 1923 and has been ratified by seventeen countries.

The question of unemployment insurance is by no means a new one for the Conference. Already at the First Session (Washington 1919), a Recommendation was adopted recommending "that each Member of the International Labour Organisation establish an effective system of unemployment insurance either through a Government system or through a system of Government subventions



to associations whose rules provide for the payment of benefits to their unemployed members ”.

Moreover, Article 3 of the Draft Convention concerning unemployment adopted at the same Conference states that “ Members of the International Labour Organisation which ratify this Convention and which have established systems of insurance against unemployment shall, upon terms being agreed between the Members concerned, make arrangements whereby workers belonging to one Member and working in the territory of another shall be admitted to the same rates of benefit of such insurance as those which obtain for the workers belonging to the latter ”.

At the Eighth Session of the Conference in 1926 the problem of unemployment was further considered and a resolution adopted with regard to it. In that resolution the Conference requested the International Labour Office to increase to the utmost its efforts to secure a wider adoption of the measures proposed in the Recommendations and Conventions on unemployment adopted at previous Sessions of the Conference, including, among other things, “ the creation and extension of systems of unemployment insurance and the admission of foreigners to the benefits of these systems on condition of reciprocity ”. The Conference at the same time requested the Governing Body to place unemployment insurance on the Agenda of an early Session of the Conference.

In view of the fact that the Conference has already adopted a Recommendation on the subject, and that an Article in a Draft Convention already deals with one aspect of the question, namely the reciprocal treatment of foreigners, it would seem that the Governing Body in inviting the Conference to discuss this question again had in mind the adoption of a Draft Convention. It would seem hardly worth while to employ the whole procedure which is laid down for the discussion of questions on the Agenda of the Conference merely in order to arrive at a second Recommendation, which would hardly represent any marked progress on the Recommendation already adopted. It can scarcely be doubted therefore that the Governing Body intended to suggest the adoption of a Draft Convention dealing at any rate with the principles of unemployment benefit schemes<sup>1</sup>, it being of course open to the Conference in such an event to decide on the adoption of one or more Recommendations concerning methods of application. It may also be considered desirable to deal with the question of the treatment of foreigners in a separate Draft Convention.

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<sup>1</sup> The reasons for the use of this term are explained below, p. 7.

It may be of interest at this point to trace briefly the history of unemployment insurance. The practice of insuring against unemployment owes its origin to the trade union movement. Some trade unions, particularly those of Great Britain and certain other European countries, began in the middle of the nineteenth century to pay regular allowances to members out of work. This system has continued to develop down to the present time.

The first unemployment insurance institution organised by public authorities was that established at Berne in 1893. Similar movements were started in several other Swiss towns and Cantons, particularly at Basle. The first practical attempt at compulsory unemployment insurance was made at St. Gall, but proved unsuccessful, for it ceased to work two years after its foundation on 1 June 1895. The Swiss example was shortly followed in Germany, and voluntary communal unemployment insurance funds were started at Cologne in 1896 and at Leipzig in 1905, but they never attained the same importance as the Swiss institutions.

The first notable success registered by the public authorities in connection with unemployment insurance arose out of their co-operation with trade unions. This successful venture was known as the "Ghent system". From the first year of its operation, 1901, the Unemployment Fund, which was created by the town of Ghent for the purpose of increasing the benefits paid to unemployed members of an unemployment fund, or for augmenting the sums withdrawn from savings banks by those who preferred to provide for themselves independently rather than belong to a mutual benefit system, included 13,000 members in its organisation.

• This was not, however, the first instance of regular subsidies being granted by the public authorities to unemployment funds; for in Belgium the province of Liège had subsidised such funds as early as 1899, while in France the municipalities of Dijon and Limoges had already adopted these methods in 1896 and 1897 respectively. These early attempts, however, did not meet with the same immediate success as the Ghent system, and it was this institution which may legitimately be regarded as the originator of the unemployment insurance movement, in view of the interest it aroused among social reformers in all countries, and the fact that it led to the establishment of numerous similar institutions elsewhere. The movement developed with considerable rapidity, and in 1913 there were some 30 communal or inter-communal unemployment funds in Belgium, extending over nearly 100 communes; while more than 25 similar institutions existed in the

Netherlands; about 20 in France; nearly 10 in Germany; 3 in Italy; and 2 in Switzerland.

Moreover certain countries, for instance France in 1905, Norway in 1906 and Denmark in 1907, introduced the Ghent system on a State, as opposed to a communal, basis; though in the course of these trials the system was modified in several important particulars, especially in Denmark.

Great Britain can claim the honour of being the first country to adopt a new and bolder method, destined to produce fertile results, namely, the actual organisation by the public authorities of unemployment insurance. The National Insurance Act of 1911 introduced a system of compulsory unemployment insurance in certain industries, selected, on an experimental basis, as being more particularly subject to unemployment, namely, the building, engineering, and shipbuilding industries. The number of insured persons amounted to some  $2\frac{1}{4}$  millions, thus exceeding the total of similarly insured persons in all other countries. In 1916, the system, having given satisfaction, was extended to munition workers and to all workers in the metal, leather, india-rubber, chemical, and ammunition trades, to whom the provisions of the 1911 Act did not previously apply, for it was feared that these groups would suffer from unemployment immediately after the conclusion of the war. This increased the number of insured to  $3\frac{3}{4}$  millions. A new Act was passed in 1920 extending compulsory insurance to all manual workers and to certain non-manual workers (with certain exceptions of which the most important were agricultural workers, domestic servants, and certain classes of persons in permanent employment such as permanent civil servants, pensionable school teachers, and, subject to a certificate from the Ministry of Labour, permanent employees of local authorities and railway companies). The number of insured was thus increased to nearly 12 millions.

Since the war unemployment insurance has developed rapidly. At the beginning of 1919 the number of workers insured against unemployment was about  $4\frac{1}{2}$  to 5 million, most of whom ( $3\frac{3}{4}$  million) were in Great Britain, which was the only country having a compulsory insurance system at that time. To-day compulsory unemployment insurance is in force in nine countries<sup>1</sup>, and volun-

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<sup>1</sup> Not including Wisconsin, where the system provided for by the Act of 28 January 1932 is not yet in effective operation. In addition a system of compulsory unemployment insurance was established in the Union of Socialist Soviet Republics under the provisions of the Labour Code of 1922, but the payment of benefits was suspended by Decree of 9 October 1930.

tary insurance in the same number<sup>1</sup>, Switzerland being counted in both groups, because some Cantons have a compulsory system, while others have a voluntary system. The total number of workers covered by these schemes is estimated at more than 42 millions.

Country	Date	Number of insured persons
<i>Countries with compulsory insurance:</i>		
Germany	May 1929	17,920,000*
Australia (Queensland)	1931	160,000
Austria	October 1931	979,000
Bulgaria	January 1931	280,000
Great Britain and Northern Ireland	July 1931	12,770,000
Irish Free State	October 1929	284,000
Italy	1931	4,500,000
Poland	October 1932‡	1,056,000
Switzerland (12 Cantons)	March 1932	250,000†
Total		38,199,000
<i>Countries with voluntary insurance:</i>		
Belgium	March 1932	818,000
Denmark	May 1932	306,000
Finland	End 1928	68,000
France	2nd quarter 1930	173,000
Norway	April 1932	47,000
Netherlands	May 1932	496,000
Switzerland (11 Cantons)	March 1932	200,000
Czechoslovakia	April 1932	1,356,000
Total		3,464,000

\* This figure is selected deliberately, in order to show the number covered previous to the onset of the depression in the summer of 1929. The number given by the German statistics at the present time is much smaller (13,452,000 in May 1932), but the decrease is not due to any narrower limitation of the field of operation of the German insurance system. It is due to the fact that those unemployed workers who have exhausted their right to insurance benefits and have thus come within the scope of the communal relief are not included in the figures for the members covered by unemployment insurance.

† This figure includes persons compulsorily insured in certain communes in Cantons in which the cantonal system is one of voluntary insurance.

‡ Communication from the Polish Government.

Almost every country has, however, in recent years been obliged to make provision for unemployed workers, and many relief schemes, organised or subsidised by the State, have been adopted. It is impossible to give any figures for the number of workers

<sup>1</sup> Including Spain, which is not listed in the table for the reason that the number of workers covered by the Spanish system was not known at the time this report went to press.

“covered” by these schemes. Under them, a large number of workers are entitled to draw benefit provided they are involuntarily unemployed and comply with the conditions laid down.

The precise title of the question placed on the Agenda of the Conference is Unemployment Insurance and Various Forms of Relief for the Unemployed. This immediately raises a difficult problem of terminology. What is the distinction between insurance and the various forms of relief? An examination of existing systems shows that there is no generally accepted definition of unemployment insurance. Each country has its system of insurance or public relief as the case may be and sometimes insurance and relief schemes may exist side by side, but no general rule can be laid down to determine exactly why one system is called insurance and another relief. It does not depend on the benefit conditions, for precise conditions are to be found in all systems and there are no particular conditions which are found in all insurance systems and others in all relief schemes. Some people would make the absence or existence of a means test a criterion for determining whether a system is insurance or not, but there is no ground for such a view in the legislation now in force. In Austria, for instance, claimants are subject to a means test from the beginning of their unemployment, and in Germany married women are now subject to a means test from the beginning of their unemployment and all claimants are subject to such a test after a comparatively short period.

It is also maintained that insurance depends upon the payment of contributions by the beneficiaries. This at first sight looks as though it might provide the criterion required. It does not bear examination, however, because in all existing systems the extent to which the workers contribute varies enormously, and it can hardly be maintained that the mere fact of paying some contribution, however small, transforms a relief system into an insurance system. Moreover, in the State of Wisconsin (U.S.A.), only the employers will contribute; and the measure, although officially entitled the Unemployment Reserves and Compensation Act, is commonly regarded as a form of unemployment insurance<sup>1</sup>. In the U.S.S.R.

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<sup>1</sup> The system provided for under the Wisconsin Act of 28 January 1932 is not yet in effective operation, but the compulsory provisions of the Act will come into force on 1 July 1933 unless by 1 June 1933 the employers of not less than 175,000 employees have voluntarily established plans which comply with the standards laid down in the Act (cf. *Industrial and Labour Information*, 7 March 1932, pp. 235-242).

also the system in force up to October 1930 was an insurance which provided for contributions from the employers alone. In some countries there are no contributions from the State and in others no contributions from the employers. It does not therefore seem likely that insurance can be defined in relation to contributions.

In reality this whole discussion is principally one of words, and it would seem better to abandon altogether the search for a definition of insurance or relief and to concentrate on another aspect of the question. What do the various Governments wish to achieve by the measures they have adopted and what does the Governing Body wish to achieve by a measure adopted by the Conference? The object of national laws is to provide benefits for those who are unemployed through no fault of their own and who comply with certain prescribed conditions. It may be objected that the word "benefits" begs the question, especially as a distinction has been made in Great Britain since September 1931 between insurance *benefits* and transitional *payments*. But every other word is open to similar objections. In the United States the term "unemployment compensation" is frequently used and, as already pointed out, the Wisconsin Act is entitled the Unemployment Reserves and Compensation Act. There is a great deal to be said in favour of the term "compensation", but it is not found in any other law and has never been used in Great Britain in connection with unemployment. It seems better therefore to keep to the word "benefits" and to speak of "unemployment benefit schemes" to cover all schemes, whether they are in the terminology of the respective countries based on insurance or on methods of relief<sup>1</sup>.

The really important thing is that there should be certain guarantees in the legislation of the countries concerned that an unemployed person who complies with certain conditions shall receive benefits to enable him to tide over his period of unemployment and maintain himself and his family on at least a minimum standard of living until he again obtains work. It is conceivable that this can be best achieved not by one homogeneous scheme but by two, or even three, different schemes involving, for instance, a change in the benefit conditions or in the benefits payable after a certain period. The ways in which the problem is dealt with at

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<sup>1</sup> However, in the description of the situation in particular countries, the terminology of the country concerned is generally used in this report.

present will be seen in this report. It is manifestly impossible to leave people to starve, and that is the reason for the institution of communal assistance or Poor Law relief, the object of which is to relieve destitution. Unemployed persons are sometimes compelled to have recourse to such assistance. Reference will, however, not be made in this study to general measures of public assistance unless these measures include special provisions relating to the unemployed. The benefit schemes which are examined in this Report aim at preventing the unemployed from becoming destitute. This implies that the unemployed should be guaranteed by law the right to certain benefits on specific conditions.

For that purpose, the financial organisation of the scheme must be sound and must have behind it the financial resources of the State. Only the State can effectively guarantee to unemployed persons the payment of specific benefits in given circumstances and a scheme, therefore, can only be considered satisfactory if it is organised or controlled by the State. This does not rule out the possibility of voluntary insurance organised by trade unions or similar bodies supported by subsidies from the Government, but it does mean that the Government, having laid down its conditions, shall undertake to make any payment necessary to fulfil the obligations entered into. It is the weakness of voluntary insurance that it is precisely the unorganised workers who are left outside, and it is they who usually need assistance most when they become unemployed. That is why there has been a tendency in certain countries to abandon the system of voluntary insurance and to prefer a general compulsory State system.

The present report deals first with the definition of unemployment and in particular with the question whether short-time workers are to be included or excluded. Secondly, it proceeds to examine the scope of unemployment benefit schemes, and here special attention is paid to agriculture, partly because of its great importance and partly because of the fact that in most countries agricultural workers are excluded from existing schemes. Thirdly, the conditions which have to be complied with in order to entitle a claimant to benefit and the disqualifications which cause him to lose his benefit are passed in review. Fourthly, the report deals with the nature and duration of benefits, and in this connection reference is made to facilities other than cash benefits, such as the provision of employment exchanges and courses of instruction, the payment of fares, the granting of tools and clothing and the institution of public works. Fifthly, the financial organisation

is studied and in this Chapter the important question of contributions is dealt with. Sixthly, some information is given on the administrative organisation and, finally, a Chapter is devoted to the question of the treatment of foreigners. This is followed by an enumeration of the points on which the Governments may be consulted <sup>1</sup>.

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<sup>1</sup> While every care has been taken to make this report as complete as possible, it has been impossible in the time at the disposal of the Office to give full details for every country. The particulars relating to countries should, therefore, be taken more as examples than as a complete enumeration.





## CHAPTER I

### OBJECT OF THE MEASURE

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#### § 1. — Definition of Unemployment

It is important that we should have a clear idea as to the precise object of the international measure proposed. What is the unemployment in respect of which benefit is paid ? The first criterion that can be laid down is that the unemployed persons claiming benefit must be able to work and available for work. The practical importance of this condition is that it excludes those who as a result of sickness, accident, invalidity or old age are not able to work. Such persons must be dealt with by other institutions and not by an unemployment benefit scheme.

In *Germany* "capable of work" means capable of earning, in an employment suited to his strength and ability which can reasonably be assigned to him in view of his training and previous occupation, at least one-third of the sum usually earned by physically and mentally sound persons of the same kind with similar training in the same neighbourhood.

In *Great Britain* a claimant must show that he is capable of doing work of a kind such as he may have some reasonable opportunity of obtaining, and capable of keeping and performing it in the ordinary manner.

In *Poland* an unemployed worker is not entitled to benefit if his health does not allow of his performing the work. This disqualification lasts for the whole duration of incapacity irrespective of whether he is compulsorily insured against sickness or not. A worker is also disqualified for the whole duration of incapacity due to invalidity. He again becomes entitled to benefit if he recovers a degree of capacity for work enabling him to perform work offered by the public employment exchange.

There are, moreover, some persons who, while being capable of doing certain kinds of work, are in receipt of benefit under a health insurance scheme or of an old-age pension or of some other payment of a similar character. With certain exceptions, such as those in receipt of war disability pensions for instance, persons in receipt of such payments are not considered as unemployed persons, and are therefore not entitled to benefit.

In *Austria* benefit is not payable to a person who is in receipt of pecuniary sick benefit or maternity benefit or is undergoing hospital treatment.

In *Bulgaria* the claim to benefit lapses if the claimant falls ill during the period of unemployment, because in that case the benefit provided for in the Act concerning social insurance is granted.

In *Czechoslovakia* benefit is not payable to a person who is in receipt of sick benefit from a sick fund.

In *Denmark* benefit is not paid to those who are in receipt of invalidity pensions or old-age pensions, with certain exceptions.

In *France* (relief funds) persons who are in receipt of a pension or relief for the aged or disabled are as a general rule excluded.

In *Germany* no benefit is paid to those who are in receipt of pecuniary sick benefit or pecuniary maternity benefit, or substitute benefit which takes the place of these payments.

In *Great Britain* and in the *Irish Free State* an insured contributor is disqualified from receiving benefit while in receipt of any sick or disablement benefit or sickness allowance under the National Health Insurance Acts, or while in receipt of an old-age pension.

In *Queensland* no benefit is payable to any person who is in receipt of an old-age pension or an invalidity pension under the laws of the Commonwealth, or any payment made under the Workmen's Compensation Act.

Another question bearing on the definition of unemployment is that of independent workers such as farmers, innkeepers, artisans and shopkeepers, for instance, who take up temporary employment under a contract of service. It is the general rule that such workers are not entitled to benefit in virtue of their temporary employment. Usually this exclusion is clear from the general provisions concerning the scope of the measure and the conditions for the receipt of benefit. In three laws, however, those of Germany, Poland and Wisconsin, special provisions have been inserted for the purpose of making this point clear.

In *Germany*, an unemployed person means a person who habitually works mainly as an employee by way of trade, but is temporarily not in an employment relationship, and who is not earning sufficient for his maintenance by means of independent work (in particular by agricultural or industrial work on his own account) or cannot do so by continuing to carry on an existing undertaking, or who is not earning or cannot earn a livelihood jointly with his or her wife or husband, parents or grandparents, or descendants by co-operating in their undertaking, provided that in the circumstances this can be reasonably expected of the parties concerned; this shall in particular be assumed if the parties concerned live together in a common household.

In *Poland* benefit is paid only to workers whose livelihood is mainly dependent on employment for wages.

In *Wisconsin*, an employee is ineligible for benefits if he is ordinarily self-employed but has been temporarily, for not more than five months, employed in an employment covered by the Unemployment Compensation Act and can at the termination of such temporary employment reasonably return to his self-employment.

It follows from what has been said that a person is not considered to be unemployed on any day on which he is following an occupation from which he derives remuneration or profit. But there is generally

an exception to this rule to cover those who obtain a small amount of employment and receive small payments for it.

Thus in *Germany* the earnings of an unemployed person on temporary employment which is not liable to sickness insurance, or petty employment which is not liable to unemployment insurance, or independent work of corresponding scope, shall not be deducted from the unemployment benefit so long as the said earnings do not in any calendar week exceed 20 per cent. of the amount which the unemployed person would receive in benefit for the week in question, inclusive of family allowances, in case of total unemployment. If the amount exceeds 20 per cent., half the excess is deducted from the benefit<sup>1</sup>.

In *Great Britain* and the *Irish Free State* a person is not considered to be unemployed on any day on which he is following any occupation from which he derives remuneration or profit, unless this occupation could ordinarily have been followed by him in addition to his usual employment and outside the working hours of that employment, and unless the remuneration or profit does not exceed 3s. 4d. on a daily average.

Under the *Swiss* Federal Act supplementary earnings which are normally earned in excess of normal earnings are not taken into consideration in assessing benefit.

\* \* \*

## § 2. — Total Unemployment and Short Time

It is necessary to distinguish two different kinds of involuntary unemployment, which may be called (1) unemployment as a result of the unemployed person being without a contract of service, and (2) unemployment as a result of a lack of work or insufficient work while still being in an employment relationship. Unemployed persons who have been definitely discharged from their employment and no longer have a contract of service (known as "wholly unemployed persons") are generally covered by all schemes. The inclusion of those who are unemployed as a result of lack of work while still being in an employment relationship (persons who are temporarily stopped and short-time workers) is a more difficult question.

Persons who are temporarily stopped on the understanding that they will in a comparatively short period be able to obtain employment again in the same undertaking as before are usually considered as being unemployed and therefore entitled to benefit. In *Germany*, however, it is the rule that such persons are not considered as unemployed, but if the unemployment is prolonged it becomes a matter for decision at what moment unemployment is held to start, account being taken of the length of the stoppage and of the preceding period of employment.

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<sup>1</sup> Cf. Chapter IV, p. 138.

Short time may be of two kinds. It may consist in working either a reduced number of hours per day or a reduced number of days per week. Workers may also be employed on a rotation system, one week or fortnight of employment alternating with a week or fortnight of unemployment.

The payment of unemployment benefit to short-time workers is supported on the ground that short time is a convenient way of meeting a critical unemployment situation and should as a rule be encouraged as the lesser of two evils. By reducing the working hours or the number of days worked per week an employer is able to avoid discharging experienced workpeople, and to keep his working force intact until prosperity returns and he is again able to offer full-time employment to his whole staff. The workpeople as a whole also benefit, since it is probably better to have a limited amount of employment even with reduced pay than to have no employment and no pay at all. So long as the unemployment does not last very long and gives way to a recovery in the industry concerned, the system appears to have undoubted advantages. Its practice, however, is not universal; it is adopted more in certain countries than in others and more in certain trades which have a certain tradition in this matter than in others.

There are however two main objections to the payment of benefit to short-time workers: (1) that it is a subsidisation of wages; (2) that it leads to a more or less permanent under-employment.

It is said that benefit paid to short-time workers is a subsidy in aid of wages, and enables employers to maintain a convenient reserve of labour at the expense of the other contributors. On the other hand, all benefits are to some extent subsidies in aid of wages, and these subsidies are paid for by the general contributors to the fund including the State because unemployment is considered to be beyond the control of individual employers or workers.

The second argument, namely that systematic short-time working leads to more or less permanent under-employment and is therefore bad, brings in a new consideration which in present circumstances is particularly important. It has been said above that as long as the unemployment crisis is a comparatively short one short-time working is good, but in the last ten years during which unemployment has in certain countries been fairly consistently high, especially in certain industries, short-time working has in some cases been continued for long periods. The consequence is that the workpeople concerned are not merely tiding over a temporary period in the hope of full employment in the same or

similar establishments later on, but they tend to become permanent short-time workers with resulting under-employment and low earnings. It is maintained that this state of affairs has been encouraged by the payment of unemployment insurance benefits to the short-time workers concerned, and that it would be better in the long run to employ a smaller number of workers on full time and to discharge the rest. The situation would then be frankly faced and more effort might be made to find employment in other districts or in other occupations. The trade unions sometimes support the point of view that systematic short time is undesirable on the ground that under-employment is bad in itself and, moreover, that it tends to break down existing standards of living.

That systematic short time has been encouraged by the payment of unemployment benefits is hardly open to question. According to the British Ministry of Labour, "it is well known that systematic short time is commonly arranged so as to enable workers to qualify for the maximum amount of benefit. In some industries it is becoming a settled practice to arrange that large numbers of workpeople are regularly supported in part by the Unemployment Fund. Trade unions are alert to enter into negotiations with employers in this connection. Many firms also appear to arrange their system of work so that the workpeople can preserve continuity under the ten weeks part of the continuity rule. In some cases arrangements are made under which, though the employees work on the same number of days as they would have done had there been no arrangement, the days are nevertheless so grouped that the workers may qualify for benefit. In other cases the work is crowded into fewer days with longer hours to enable benefit to be drawn on the remaining days. In some cases there are special arrangements for pooling wages and benefit." <sup>1</sup>

Over a long period such practice may lead to abuses, and should not be encouraged, but this is not true of those measures which merely provide for the payment of unemployment benefit to workers who are temporarily working short time or on a rotation system. The Governing Body of the International Labour Office made a reference to these and similar measures when, in a resolution on unemployment which it adopted in January 1932 by 15 votes to 3, it included the following clause:

"The Governing Body draws attention to the measures taken in certain countries to facilitate these practices (namely short-time working or a rotation system) by paying unemployment benefits during the period of idleness."

<sup>1</sup> *Minutes of Evidence taken before the Royal Commission on Unemployment Insurance*, 1st, 2nd and 3rd days, p. 105.

The detailed application of the regulations on unemployment benefit to short-time workers also gives rise to some difficulties. In some countries benefit is paid only if the short time consists in a reduction of the number of days per week and usually for not less than three days' unemployment per week, while in others, such as Denmark and Switzerland for instance, a reduction in the number of hours per day may also give rise to a claim for benefits. It is sometimes laid down, however, that no benefit shall be paid unless the wages have been proportionately reduced. Special regulations have to be made concerning the waiting period, as it is manifestly impossible to impose a fresh waiting period each time a short-time worker becomes unemployed. This point is to some extent covered in the ordinary rules governing continuous unemployment. A restriction is imposed in France to the effect that relief payments will be made only if the whole staff of a particular establishment or department is working on short time; while in Queensland only those who have been on short time for at least two months are entitled to benefit.

In *Belgium* insured persons on short time or engaged in intermittent employment are subject to the ordinary rules in claiming unemployment benefit. The unemployment societies (primary funds) are authorised to add whole days and half days of unemployment; half the normal benefit may be given for a half-day's unemployment. If Saturday afternoon is a regular holiday, Saturday is treated as a whole day and gives right to benefit provided that there is another day's unemployment in the same week.

In *Denmark* it may be provided in the rules of a fund that if a member has been employed for three days in a week his benefit shall be suspended for the week in question, and it shall be provided that if a member has been employed for four or more days in a week benefit shall be suspended for the week. Benefit is not paid to those in employment whose working hours are reduced by one-third or less. If the hours have been reduced by more than one-third proportional benefit may be paid for the days or hours by which working hours are reduced, provided it is so arranged that it shall always be to the financial advantage of the person concerned to procure employment rather than benefit. The whole or part of the waiting period may be waived in the case of firms or trades where the conditions entail short periods of employment at frequent intervals.

In *France*, by a Decree of 22 October 1922, State subsidies are paid to voluntary insurance funds and public relief funds in respect of benefits to workers on short-time. The persons covered by this Decree are those who are employed collectively either for less than four days and 32 hours per week, or for one week only out of every fortnight, or in exceptional cases in accordance with some other system of rotation. Benefit is paid only if the unemployment (1) affects the whole of an undertaking or department of an undertaking employing in either case at least ten persons and (2) also affects the whole staff concerned with the exception of persons engaged in maintenance work or in a supervisory capacity.

In *Germany* a person temporarily stopped is ordinarily regarded as being still in an employment relationship and is therefore not entitled to benefit. The question whether a break in the employment relationship has occurred is decided upon the relative length of the stoppage and the preceding period of employment.

In cases where, by agreement with the works council a part of the workers are laid off in rotation, the president of the provincial employment office may decide that such workers shall be granted unemployment benefit even though they cannot be regarded as unemployed persons in the strict sense of the Act. This benefit may be granted only if the period of rotation does not exceed one month and if the number of workers in the undertaking apart from those laid off is not markedly less than the average number employed during the period immediately preceding the introduction of the system. Regulations for the payment of benefit to short-time workers provide that short time is reckoned in whole days lost and not in hours lost; a short-time worker must have qualified for ordinary unemployment benefit; and benefit is paid only if wages have been correspondingly reduced. Every worker covered by unemployment insurance employed by an establishment which regularly employs at least ten workers is entitled to benefit for temporary unemployment if he is without employment for three, four or five days in the same week. Application must be made to the employment office either by the employer or by the works committee or, in the absence of the latter, by a temporarily unemployed person acting on behalf of all persons concerned. Benefit is refused if other employment can be found. The managing committees of provincial employment offices may decide that benefit shall not be paid in those districts or occupations in which it appears unnecessary. Benefit is withheld if a gainful occupation is exercised or if suitable employment is refused when the unemployed person is not working. The waiting period is considered to have been served when the majority of the workers in an industrial undertaking, or a department of such an undertaking, have lost at least eight whole days in consecutive calendar weeks and at least two whole days in each of those weeks.

In *Great Britain* workers on short time are entitled to ordinary benefit on exactly the same conditions as other insured persons, provided they can prove that they have been continuously unemployed since making their claim<sup>1</sup>. Generally speaking, three days or more of unemployment per week give a right to benefit. Benefit is not payable in respect of any period less than a day. Short-time workers must accept full-time employment with another firm if it is offered to them. In the case of the class of persons who habitually work less than a full week and by the practice of the trade receive earnings greater than the normal earnings for a full week of persons filling the same occupation in the same district, the amount of benefit is reduced so that the earnings and benefit combined shall not exceed the normal earnings for a full week. This provision does not apply to persons who have worked in the conditions mentioned for less than four consecutive weeks or who, since the last occasion in which they worked in those conditions, have ceased for a period of four consecutive weeks or longer to do so. Moreover, a person who is not normally employed for more than two days in a week is entitled to receive benefit only in respect of the days of normal employment.

In the *Irish Free State* workers on short time are entitled to benefit provided that they comply with the rule governing continuous unemployment.

In *Poland* the Minister of Labour and Social Welfare may, on the recommendation of the central executive of the Unemployment Fund, extend the right to benefit to workers whose weekly earnings do not exceed the full wages for three days at the agreed rate owing to restriction of production, but benefit is paid only if the Minister declares that the expenditure involved is covered by the budget of the Unemployment Fund for the year in question. Since 1929 orders have been issued authorising the grant of relief to workers on short time in certain textile factories, metal works, etc., in the provinces of Kielce, Silesia and Lodz.

In *Queensland* any worker who has been working intermittently for a longer period than two months and who is employed on the average for one week in every two weeks may make application for unemployment sustenance.

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<sup>1</sup> For a definition of "continuous unemployment", see below, p. 102.



The applicant shall be entitled to sustenance, subject to the usual conditions, in respect of days of unemployment in each fortnight after the first fourteen days of unemployment immediately succeeding the application. In other respects the rules concerning short-time workers are similar to those for casual workers.

In *Switzerland* a partially unemployed person is defined as one who becomes temporarily unemployed without his contract of employment being cancelled. Such persons receive benefit not only in respect of days lost but in respect of hours lost. Supervision is normally exercised through the employer's certificate, but if unemployment is for a whole day at a time or when loss of wages exceeds half the normal earnings and no other means of supervision exist, then the general provisions concerning registration at the public employment exchange apply so that it may be possible to offer new full-time employment or supplementary work. Supervision by the employment exchange may be replaced in some adequate manner such as, for example, by the employer or the administration of the fund provided that they co-operate with the employment exchange.

In *Yugoslavia* a worker who after having been unemployed for at least one month finds work for not more than five days is still considered as an unemployed person.

## CHAPTER II

### SCOPE

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Theoretically, the unemployment benefit scheme with the widest scope would be that by which all persons subject to the risk of unemployment would be covered compulsorily. In the present state of legislation, however, this is far from the case, whatever the system adopted. The principle of compulsion introduced in a number of laws is subject to several limitations; and while these limitations of scope are less numerous in systems of voluntary insurance, the absence in the latter of any element of compulsion results in considerable gaps in their coverage.

The scope of compulsory unemployment insurance schemes is often determined by positive definition. Some laws make unemployment insurance normally compulsory for all persons working in virtue of a contract of service, as in Great Britain, the Irish Free State, and, subject to further provisos, Poland. In Australia (Queensland) unemployment insurance covers persons whose wages are fixed by collective agreement, arbitration award, or apprenticeship regulations.

Other laws define indirectly the scope of unemployment insurance, by making it coincide in principle<sup>1</sup> with that of a sickness insurance scheme or other form of insurance introduced at an earlier date. This is the case in the compulsory schemes in force in Austria, Bulgaria and Germany (and in the voluntary insurance in Czechoslovakia). Such a definition has been found convenient both in determining which persons are to come within the scope of the insurance and in connection with the collection of contributions. In three Swiss Cantons insurance is made compulsory for workers in undertakings covered by the Federal Factory Act.

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<sup>1</sup> The proportion of compulsory members of sickness insurance funds who were exempt from unemployment insurance in Germany was 15 per cent. at the end of 1931 (*Reichsarbeitsmarkt-Anzeiger*, 9 Feb. 1932).

In addition to the general formula, some laws also explicitly specify certain categories of workers to whom the Act should apply in principle. This is true, for instance, of seamen or certain workers in public services under the British, Bulgarian and Polish laws.

The Italian legislation and most of the Swiss cantonal laws declare in a general way that the scheme applies to all persons who work on account of others, or to all workers.

If the definition used is more precise, the categories not covered are excluded by implication. This applies, for instance, to domestic servants in Poland.

But whatever the formula adopted, it is always accompanied by a list of exceptions which constitutes, so to speak, a negative definition of the scope of the law. It is these limitations which it is proposed to consider in this Chapter. They are generally based on certain characteristics of the individuals concerned, such as occupation, age and sometimes nationality.

The reasons for these exceptions are of several kinds. They may be intended, for instance, to exclude certain categories of workers who would prove too heavy a risk for the insurance scheme, such as seasonal workers, or whom it would be difficult to supervise, such as persons working for several employers at once; or again, persons who normally are seldom, if ever, unemployed, such as officials and highly paid wage earners.

In the voluntary schemes, where the persons concerned themselves set up unemployment funds, the limitations are much rarer, so that sometimes the insurance may cover occupations which are left out of account in compulsory schemes. In actual fact, however, the scope of voluntary insurance is frequently limited by the rules governing subsidies accorded by public authorities. Moreover, these same rules may also limit the freedom of the private insurance funds to define which persons are to be covered. Thus under Czechoslovak legislation the only conditions that may be imposed for belonging to a trade organisation are employment in the occupation concerned and the payment of the contribution (the organisation may, if need be, limit the rights conferred by membership to the right to unemployment benefit and may limit correspondingly the obligations of members in this position).

In the following pages it is proposed to consider the principal factors limiting the scope of unemployment benefit schemes, taking first the limitations as to occupation in the case of: (a) agricultural workers, (b) other workers; second those relating to the nature of the

employment; third, those relating to earnings; and, fourth, those relating to age.

### § 1. — Agricultural Workers

The question of the inclusion or exclusion of agricultural workers appears to be of such special importance that it has been thought desirable to give information not only on the legislation in force concerning unemployment benefit schemes, but also on the character and extent of unemployment among agricultural workers.

#### CHARACTER OF UNEMPLOYMENT IN AGRICULTURE

When examining the problem of unemployment in agriculture attention must be paid not only to the various forms of such unemployment, to its different causes and the remedies appropriate to meet the situation, but also, and perhaps especially, to the increase in the importance and scope of the problem caused by the economic developments of recent years. There are several kinds of unemployment in agriculture.

(i) *Occasional unemployment* may arise irregularly, and as a rule locally, owing to the failure of a main crop. The vineyard industry suffers somewhat heavily from this form of unemployment<sup>1</sup>, but the failure of any heavy crop is likely to deprive a certain number of workers of their jobs over a certain time: thus, 33,000 workers were suddenly thrown out of work in Andalusia in 1930, owing to the failure of the olive harvest<sup>2</sup>. Again, specially favourable weather conditions rendering harvest operations unusually easy, or preventing weeds from growing to their normal extent among root crops, may diminish the customary demand for labour. This form of unemployment may also be considered as a lack of seasonal employment, because it falls especially upon small-holders and similar groups of the rural population only seeking paid jobs during periods when the demand for labour in agriculture is heaviest.

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<sup>1</sup> M. AUGÉ-LARIBÉ: *Le problème agraire du socialisme — La viticulture industrielle du Midi de la France*. Bibliothèque socialiste internationale. Paris, 1907. 362 pp.

<sup>2</sup> *Industrial and Labour Information*, 9 March 1931, p. 296.

time, even at the risk of not having enough work to keep their men busy during the slack season.

(iv) *Permanent under-employment* is a rather special form of agricultural unemployment. It is due either to excessive pressure of population on the land, or else to under-development of the land itself. These two situations are not the same, although their effects appear identical. In the one case it may be assumed that no higher labour intensity in agricultural production is possible; in the other that a backward state of cultivation of the soil prevents the right use being made of the labour available.

Regions of rural over-population and regions of under-developed agriculture can be found in all continents, including Europe. In such regions the agricultural working population is driven to periods of idleness which may vary from one or two days a week to weeks or months at a time, according to circumstances<sup>1</sup>.

The remedies called for to meet this situation depend on the whole agrarian policy, and even on the general economic policy, of the State in question. Only a few of such remedies have a direct bearing on labour. Among these is the so-called "minimum labour load" in Italy, according to which, under the terms of collective agreements, employers are bound to employ a certain minimum labour supply per unit area of land, the object being to prevent the development of extensive cultivation and to maintain production at a standard which is historically and locally justified. Reference may further be made to recent Spanish Decrees<sup>2</sup>, which authorise the Government to declare compulsory, for reasons of public utility, the cultivation of certain tracts of land, the abandonment of which would cause unemployment.

In certain districts where permanent under-employment exists among the rural population, workers move elsewhere, or even go abroad, to take up seasonal work.

## THE ACTUAL STATE OF UNEMPLOYMENT IN AGRICULTURE

Whether unemployment is due to one or the other of the various causes mentioned above, it has, almost without exception, shown a considerable increase during recent years. In many countries

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<sup>1</sup> Cf. FERNANDO DO LOS RIOS: "The Agrarian Problem in Spain", in *International Labour Review*, June 1925, p. 830.

<sup>2</sup> Decree of 28 August 1931, with amendments of 23 September 1931 and 22 January 1932.

agricultural unemployment threatens to become a social evil as great as that which has overtaken manufacturing industry. Agriculture has reached a period of great technical progress, taking the form of the invention of labour-saving machinery. It is a particular feature of the situation that, on the whole, this advance in mechanisation has taken place very quickly and that there has not been time for agriculture to adapt itself to the new situation. Its effects on the employment opportunities of agricultural workers will be lasting and probably irremediable. The saving effected in human labour by the use of machinery is sometimes 75 per cent. or even more. Thus one man now does the work of four or five<sup>1</sup>. It is still doubtful in which countries these technical inventions will ultimately be adopted. They are already in use in most of those parts of the world supplying the world-market with cereals and dairy products.

While competing with machines, agricultural labour has also to face the consequences of an agricultural depression of hitherto unknown severity. Farmers are forced to economise labour costs wherever possible. It is generally admitted that agricultural wages are so low that any reduction in wage-rates is hardly possible<sup>2</sup>. The lavish scale on which labour was employed in earlier days gives farmers a certain margin permitting them to dismiss a certain number of workers without reducing the real effectiveness of their labour force, and at the same time rationalisation in the use of labour permits of a similar result. Further, agricultural labour suffers in its employment possibilities from the fact that agriculture in many cases, owing to the depression, is becoming more extensive. The reduction in 1931 of the sugar-beet area in Germany by 30 per cent. and the change of plough-land into grass land in the Netherlands are quoted officially as affecting the agricultural labour market. Many other examples of this kind could be added.

The present increase of unemployment in agriculture is therefore to a great extent cumulative and permanent in character. Even when it may be classed as "temporary", this expression can only be used in a comparative sense. From the point of view of the individual worker, such unemployment will, in many instances, be both complete and lasting; this is as certain as that the present

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<sup>1</sup> Cf. L. E. MATTHAEI: "More Mechanisation in Farming", in *International Labour Review*, March 1931, p. 352.

<sup>2</sup> Cf. L. E. MATTHAEI: "Some Effects of the Agricultural Depression on Agricultural Labour", in *International Labour Review*, April 1931, pp. 455-464.

agricultural depression is due, not only to a business crisis in industry, but to a great extent to fundamental structural changes in world agriculture itself.

Finally, the agricultural labour market is affected by the unemployment which prevails in manufacturing industry. Industry is no longer capable of absorbing the surplus rural population. The farmer is therefore able to replace permanent workers by seasonal labour, for he is no longer exposed to the risk of a labour shortage during harvest time and other periods of great activity. Several recent statements have reached the International Labour Office remarking on the increasingly casual nature of agricultural employment. The old long-term labour contract is being dropped and jobs are offered only for a season. The former group of permanent workers has passed over into the group of seasonal workers and a fresh volume of winter unemployment has grown up. Further, the industrial depression has brought about the disappearance of the alternative job, especially in forestry, for the crisis in the timber trade is so acute that numbers of forestry workers are now without employment. The commercial timber market has proved to be one of the most unstable post-war markets and very sensitive to international competition. It will therefore be seen that, in various different ways, agricultural seasonal unemployment is assuming an importance which should compel renewed attention.

The industrial crisis has reached a stage beyond the mere exhaustion of the absorption capacity of workers from the countryside, and is now bringing about a return of unemployed urban workers to country districts. In times of national distress agriculture has to receive a number of workers who have lost their city jobs. These workers are often willing to take agricultural jobs at almost any price, even for board and lodging only. It was stated that this was the case in the United States in 1930<sup>1</sup>. This return movement from industry is capable of assuming alarming dimensions. In one State of Brazil alone, 37,000 workers sought work in rural districts in the interior of the State during the first six months of 1930<sup>2</sup>. This return of urban workers to agriculture, however, only takes place as a last resort, especially in States having unemployment insurance systems or applying other measures for the relief of unemployment, and a good deal of evidence

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<sup>1</sup> INTERNATIONAL LABOUR OFFICE: *Annual Review*, 1930, p. 405.

<sup>2</sup> *Ibid.*, p. 404.

is forthcoming stressing the unwillingness of unemployed workers to turn to agriculture.

Attempts are being made to organise this return movement to agriculture. Public and philanthropic bodies in some countries are prepared to assist unemployed city workers, preferably those having some previous knowledge of the countryside, either to find work on a farm or to take over an allotment of land. Where arrangements are contemplated to place workers on farms for board and lodging only, the State paying an unemployment allowance or part thereof, an obviously difficult situation is created for the regular agricultural worker, whose chances of keeping his job are in this way further jeopardised<sup>1</sup>. Again, when considerable subsidies are given to assist allotment schemes, a certain danger of unfair competition on the home produce market may arise. A great burden is thus placed on the agricultural industry, which has far less power of absorption than is sometimes thought. The result of acute urban unemployment and the return of even a moderate number of workers to rural districts may bring about a displacement in the incidence of unemployment. When urban workers go back to farms belonging to their families, thereby throwing agricultural workers out of employment, there is a great risk that the standard of life on the farm may be reduced.

A further displacement of unemployment within the agricultural population itself takes place when migrant, and especially alien, labour is replaced by home labour<sup>2</sup>.

## STATISTICS OF AGRICULTURAL UNEMPLOYMENT

As far as statistics are available, a great increase in agricultural unemployment is evident since the war. Unfortunately such statistics have only been collected in a few countries. In other cases, therefore, reliance must be placed on casual figures or on general statements concerning greatly increased unemployment among agricultural workers<sup>3</sup>. Such figures or statements have been noted from all

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<sup>1</sup> Cf. *Industrial and Labour Information*, 10 Aug. 1931.

<sup>2</sup> Denmark soon after the war, Germany for several years past and Austria recently have systematically reduced the number of permits to alien workers to seek employment in agriculture.

<sup>3</sup> Cf. INTERNATIONAL LABOUR OFFICE: *Annual Review*, 1930, p. 404, and *I.L.O. Year-Book*, 1931, p. 409.



parts of the world, including European countries. Only a few countries exist in which agricultural unemployment is still insignificant, for example, in France, where, however, general difficulty is experienced by agricultural workers in securing alternative employment, and in Austria, where unemployment in the countryside has so far been limited mostly to forestry workers. In both States a certain number of alien workers is employed in agriculture, and their number may be reduced before unemployment affects native workers.

To supplement the information given above, the following brief notes are added concerning those countries from which statistical and other material is available and which illustrate the trend of agricultural unemployment.

### Czechoslovakia

In Czechoslovakia agricultural workers are not formally excluded from the voluntary unemployment insurance scheme. In order to be entitled to State contributions the Act lays down that the unemployed person must belong to a trade union which has an unemployment fund and which pays benefits to its unemployed members. The total proportion of workers in Czechoslovakia who are members of trade unions is however less than 50 per cent. Among agricultural workers the proportion is much smaller.

In proportion to the total number of agricultural workers there were 4.7 per cent. unemployed in December 1931 as against 0.4 per cent. in December 1929; 8.1 per cent. in February 1932 as against 0.6 per cent. in the same month in 1930. The number of unemployed persons engaged in agriculture and in forestry who have been in receipt of benefit during the last few years has been very small, but has been steadily increasing, as is shown by the following figures:

	1930	1931	1932
January	267	469	1,544
July	49	207	—

During the same period the number of unsatisfied applications for work varied between a minimum of 2,586 in June 1930 and a maximum of 6,524 in December of the same year, and between a minimum of 6,378 in July 1931 and a maximum of 21,407 in December; in February 1932 the number of unsatisfied applications for work rose to 37,000, while the number of vacancies decreased from 3,366, the figure for February 1930, to 1,485 for the same month in 1932. The decrease in the possibilities of work on the land in Czechoslovakia is far from accounting for the whole increase in unemployment. The principal cause is to be found in the closing of foreign markets to Czechoslovak labour. Above all the complete closing of the German frontier in this respect and the considerable decrease in the seasonal emigration of agricultural workers to other European countries, are responsible for the present glut in the Czechoslovak agricultural labour market. A subsidiary cause is the fact that many unemployed industrial workers are seeking work on the land.

### Denmark

Since the establishment of an unemployment insurance fund for agricultural workers in 1917 statistical material is available showing the development of unemployment in Danish agriculture. In considering these figures, it is, however, necessary to remember that insurance is a voluntary matter

limited in practice to the ranks of organised workers, that is to say mostly to agricultural day labourers, only a few farm servants joining the trade union and the insurance fund. This insurance, therefore, comprises above all those workers who are most exposed to unemployment. Further, certain features seem to indicate that unemployment is greater among organised than among unorganised day labourers<sup>1</sup>. The figures given are therefore to be considered rather as too high than as too low an indication of unemployment in general in agriculture. Nevertheless, the variations from year to year are most striking. Table A indicates the number of days of unemployment per member in insurance funds of agricultural workers, of unskilled workers, and of all insured workers together. Table B shows the unemployment percentage among insured agricultural workers month by month from 1927 to 1930. For the period subsequent to 1 April 1931 only a few provisional figures can be given. This table further indicates what is considered as normal unemployment in agriculture, calculated according to the average of unemployment for the last fourteen years, but excluding the two years showing the highest figures.

Table A shows that for a long period, ending about 1926, the yearly average of unemployment for all agricultural workers, although it varied considerably, did not reach alarming heights and remained much below the average unemployment of all insured workers. In the second period, from 1927 up to the present time, unemployment is more than double what it was in the first period and has become as great as unemployment in general, even exceeding it from time to time. Too much stress must, however, not be laid on the sudden change indicated in the table. Already in the years before 1927, and especially in 1924, there were months with a high unemployment percentage among agricultural workers. But in this second period summer unemployment among agricultural workers, hitherto practically unknown, became of significant importance. More striking still is the large amount of winter unemployment, which as early as 1929 affected more than two-fifths of insured agricultural workers and which, in the winter of 1931-1932, culminated, in 70 per cent. of all organised agricultural workers being out of work at the same date.

TABLE A. — NUMBER OF DAYS OF UNEMPLOYMENT PER INSURED WORKER

Period	Agricultural workers	Unskilled workers	All insured workers
1 April to 31 March:			
1917-1918	21	39	34
1918-1919	42	70	60
1919-1920	25	43	27
1920-1921	8	31	29
1921-1922	24	58	65
1922-1923	20	46	48
1923-1924	25	42	38
1924-1925	12	33	30
1925-1926	25	51	49
1926-1927	28	58	61
1927-1928	58	67	65
1928-1929	60	59	55
1929-1930	40	47	41
1930-1931	50	53	45

<sup>1</sup> Ove LUNDBYE: "Vinterarbejdsløsheden paa Landet", in *Socialt Tidsskrift*, March 1927.

TABLE B. — PERCENTAGE OF UNEMPLOYMENT AMONG INSURED AGRICULTURAL WORKERS <sup>1</sup>

Month	1927	1928	1929	1930	1931	1932	Normal unemployment
January	29.6	33.0	30.3	20.8	29.3	57.2 <sup>2</sup>	17.5
February	35.9	30.5	43.4	28.5	38.9	66.7 <sup>2</sup>	19.6
March	36.9	31.1	44.6	30.4	45.5	69.2 <sup>2</sup>	17.5
April	30.6	24.5	23.3	22.0	17.9 <sup>2</sup>	48.2 <sup>2</sup>	11.1
May	25.9	20.4	14.5	15.8	8.6 <sup>2</sup>	25.3 <sup>2</sup>	4.5
June	16.0	11.1	7.1	4.9	4.1 <sup>2</sup>	19.0 <sup>2</sup>	1.8
July	11.6	9.5	5.3	4.2	7.1 <sup>2</sup>	35.3 <sup>2</sup>	1.1
August	10.8	11.3	5.2	3.4	4.3 <sup>2</sup>	32.6 <sup>2</sup>	0.9
September	7.0	7.7	3.4	3.9	5.3 <sup>2</sup>	41.0 <sup>2</sup>	1.2
October	6.6	7.9	3.7	3.6	8.8 <sup>2</sup>	—	1.6
November	10.3	10.1	5.1	7.0	26.2 <sup>2</sup>	—	4.7
December	20.4	18.0	12.0	15.0	45.8 <sup>2</sup>	—	10.8

<sup>1</sup> Annual reports of the Director of Employment Exchanges and Unemployment Insurance.

<sup>2</sup> Figures calculated by the Statistical Department.

## Germany

Up to the year 1929 it was hardly possible to speak of any unemployment of real importance in German agriculture. During the summer months especially all agricultural workers found employment and, further, more than 100,000 alien workers were admitted to the country for agricultural employment. The table below shows that in the years 1930 and 1931 unemployment increased regularly. The number of unemployed in these two years was constantly higher than in the corresponding months of 1929, and showed, especially during the summer months, that unemployment had almost doubled in the course of one year. Consequently the number of unemployed in July 1931 was four-and-a-half times that of July 1929.

UNEMPLOYED WORKERS IN AGRICULTURE AND FORESTRY <sup>1</sup>

	1929	1930	1931	1932
February	163,170	180,722	255,282	322,610
April	48,327	82,397	157,935	224,718
July	20,049	53,835	96,663	165,640
September	23,056	60,778	107,124	142,522
December	145,220	194,294	271,089	—
Yearly average	69,265	103,787	151,237	—

<sup>1</sup> Reichsarbeitsblatt, 25 Feb.-1932, Teil II, p. 58, and, communication to the International Labour Office.

The figures in the table comprise both agricultural and forestry workers, as information as to the number of unemployed agricultural workers proper is only available for certain dates. The figures for the last day of September 1930, April 1931, and July 1931 are respectively 24,750, 101,785, and 48,431, the percentage of the total number of agricultural and forestry workers being

respectively 40, 65 and 50. As is to be expected, unemployed forestry workers play a relatively bigger rôle during the summer months, when there is generally a certain amount of seasonal unemployment in this industry. On the last day of January 1932 the total number of unemployed workers in agriculture and forestry amounted to 311,648, indicating a further increase in unemployment. The significance of this increase is all the greater when it is remembered that the number of aliens admitted to Germany for agricultural work has decreased from year to year and was completely forbidden for the year 1932.

### Italy

The following table<sup>1</sup> shows the development of unemployment in agriculture in Italy. There has been a considerable increase in unemployment, not only during the winter months, but also during the agricultural season proper.

Year	Yearly average	Maximum		Minimum	
		Month.	Number	Month	Number
1925	20,644	Feb.	35,739	Aug.	9,020
1926	24,420	Dec.	50,172	July	9,254
1927	76,140	Dec.	130,842	June	23,764
1928	80,338	Jan.	125,917	July	37,575
1929	89,466	Feb.	193,796	June	29,051
1930	103,450	Dec.	178,009	June	32,325
1931	165,782	Dec.	236,043	June	58,027

### Netherlands

For the Netherlands statistics are available as regards agricultural workers insured against unemployment. These figures appear to indicate that unemployment remained somewhat stable during the period 1924 to 1929, with, however, a marked tendency to increase towards the end of the period in question. The unemployment index, that is to say the percentage of days of unemployment to total days which could have been worked had there been no unemployment, was, in 1929, 9.7, or the highest figure for the period 1924-1929<sup>2</sup>. Since that time unemployment has increased still further. The State grant to the insurance fund, which is normally 100 per cent. of the members' contributions, was in the year 1930 raised for agricultural workers to 125 per cent.<sup>3</sup> The increase in the grant was maintained for the following year, and in 1932 was fixed at 300 per cent., in view of the extent and continued duration of unemployment among agricultural workers.

### Sweden

Since agricultural labour statistics were first established in Sweden in 1911, information as to whether the supply of labour for agricultural work has been good, sufficient or insufficient has been available. In 1913 5 per cent. of the records stated that the labour supply was good, 62 per cent. that it was

<sup>1</sup> *Bollettino mensile di statistica*, supplement to the *Gazetta ufficiale del Regno d'Italia*, various dates.

<sup>2</sup> CENTRAAL BUREAU VOOR DE STATISTIEK: *Jaarcijfers voor Nederland*, 1930, p. 98. The Hague, 1931.

<sup>3</sup> *Werkloosheidsverzekering Wachtgeldregelingen, Verslag van den Rijksdienst der Werkloosheidsverzekering en Arbeidsbemiddeling over het Jaar 1930*, pp. 11, 30-31, 36-37. The Hague, 1932.

sufficient, and 33 per cent. that it was insufficient. In 1919 the situation was practically the same, but then it changed suddenly. In 1921 and 1922 48 per cent. of the records showed a good labour supply, another 48 per cent. that it was sufficient, and only 4 per cent. that it was insufficient. The principal cause of this movement was the industrial depression of 1921 and the following years. Then in 1926 the agricultural labour market in Sweden was studied in detail<sup>1</sup> and even at that date a certain amount of agricultural unemployment, partly in the form of lack of permanent work and partly in that of a lack of casual employment, was recorded. Agricultural unemployment was more common in partly industrialised communes than in purely agricultural districts, but in some of the most typical agricultural districts of Sweden considerable unemployment among workers belonging to the farm-servant class also existed. Statements seem to permit of the conclusion that the children of the less prosperous rural population, who had been accustomed to find employment on the larger farms as soon as they left school, now had great difficulty in placing them selves. The change in the situation of the labour market as compared with pre-war conditions was also illustrated by the changes in the statistical information concerning the agricultural labour market. Instead of indicating whether the labour supply was sufficient or not, the records began to indicate whether unemployment existed or not. The table below<sup>2</sup> gives figures for the last three years which show a considerable worsening of the situation during that period.

	Among workers engaged by the year			Among casual workers					
				Summer			Winter		
	1929	1930	1931	1929	1930	1931	1929	1930	1931
Percentage of records stating that unemployment:									
(a) does not exist	97.8	93.2	82.6	95.2	94.3	84.1	75.8	69.3	43.9
(b) exists to a lesser degree	1.4	4.2	3.3	2.9	2.8	3.5	12.9	11.5	11.9
(c) exists to a greater degree	0.8	2.6	14.1	1.9	2.9	12.4	11.3	19.2	44.2

In addition, information is available showing to what extent the labour on farms can be said to be in excess of their normal labour requirements, in other words, whether the farms employed hands who, if strict economic considerations were observed, would be dismissed as superfluous and who would consequently go to swell the number of the unemployed; 32 per cent. of the records in 1931 stated that this was rather commonly the case, while the corresponding percentage for 1929 was only 13.6.

The following table indicates the enormous amount of unemployment existing among organised forestry and timber-floating workers. Statistics of this kind always show high figures, because seasonal unemployment always occurs in the summer months for wood-cutters and in the winter for timber-floaters; but at any rate the table indicates clearly a worsening of the unemployment situation in 1931.

<sup>1</sup> K. SOCIALSTYRELSEN: *Arbetartillgång, Arbetstid och Arbetslön inom Sveriges Jordbruk år 1926. Jämte specialundersökning rörande Arbetstillgången inom Jordbruket i Slutet av år 1926.* Sveriges Officielle Statistik. Socialstatistik. Stockholm, 1927. 58 pp. (Summed up in the *International Labour Review*, April 1928, p. 571.)

<sup>2</sup> "Arbetstillgång och arbetslön inom jordbruket år 1931", in *Sociala Meddelanden*, 1932, No. 2, pp. 121-128.

UNEMPLOYMENT AMONG ORGANISED FORESTRY AND TIMBER-FLOATING WORKERS IN SWEDEN, AS A PERCENTAGE OF TOTAL MEMBERSHIP AT THE END OF 1929, 1930, 1931 AND 1932 <sup>1</sup>

	1929 <sup>2</sup>		1930 <sup>2</sup>		1931 <sup>2</sup>		1932 <sup>2</sup>	
	(a)	(b)	(a)	(b)	(a)	(b)	(a)	(b)
January	35.6	25.2	40.9	37.7	33.9	39.0	38.9	54.2
February	31.4	24.4	29.4	19.7	30.9	27.4	33.8	39.7
March	50.6	59.2	36.3	37.2	50.0	38.4	46.5	62.3
April	61.6	66.1	45.0	50.7	56.2	54.0	58.3	64.1
May	31.0	46.6	22.0	29.7	37.7	39.6	39.2	56.5
June	22.6	42.9	33.4	38.2	31.9	49.1	44.0	54.4
July	31.2	47.7	31.2	32.9	31.3	49.5	48.8	57.6
August	30.9	38.6	30.3	45.9	43.0	52.6	60.2 <sup>3</sup>	58.9 <sup>3</sup>
September	41.8	50.0	39.6	48.5	45.1	56.8		
October	48.6	52.8	47.8	45.8	58.6	61.2		
November	41.2	50.3	47.0	49.3	66.3	65.8		
December	58.6	57.5	60.9	65.7	73.8	72.7		

<sup>1</sup> "Arbetslösheten inom arbetarorganisationerna", in *Sociala Meddelanden* (monthly table).

<sup>2</sup> (a) = Forestry and timber-floating workers' section of the saw-mill industrial trade union. (b) = Forestry and timber-floating workers' unions.

<sup>3</sup> Provisional figure.

Further evidence of the growing unemployment in agriculture is the change of opinion among agricultural workers on the subject of unemployment insurance. Up to a short time ago, there was no very definite demand on the part of organised agricultural workers for unemployment insurance, but now all bodies of organised agricultural workers are demanding either that they should be covered by some national unemployment insurance system where one exists, or that the terms on which they are admitted should be improved.

Thus the Scottish Farm Servants' Union (of whom in 1924 only two delegates voted in favour of unemployment insurance for farm workers) adopted a unanimous resolution in 1930 instructing their executive committee "to use every effort to induce the Government to introduce an Act to bring farm workers under some scheme of unemployment insurance in view of the increase of unemployment amongst farm workers" <sup>1</sup>. In England and Wales the desire of the agricultural workers to come under unemployment insurance has evolved gradually since 1921 and is now emphatically

<sup>1</sup> Cf. *The Scottish Farm Servant*, June 1925 and July 1930. Cf. also *Industrial and Labour Information*, 4 Aug. 1930.

expressed<sup>1</sup>. In Austria a claim was put forward by the Austrian Socialist Party in 1925 and has since been continuously pressed. In Germany constant attention is being drawn by agricultural workers to the rapid spread of unemployment in agriculture<sup>2</sup>.

The International Land Workers' Federation at its fifth congress in Prague, 1928, voted a resolution asking for the admission of forestry workers to unemployment insurance.

## CONCLUSION .

The principal conclusion to be drawn from the situation of the present day is that the whole problem of unemployment insurance for agriculture has entered on an entirely new phase during the last few years. There has always been a certain amount of unemployment and of under-employment in agriculture, but only a moderate amount, and on the whole agriculture has been able to cope with its own problem. It would not have been capable of doing so had not the rural districts constantly been relieved of their surplus population by a migration to the towns. Now this relief is cut off and, during the prevailing depression and its consequent unemployment in all industries and occupations, the problem of rural and especially of agricultural unemployment has become acute. The situation has further been aggravated by the turn of the population stream now setting in. Already as long ago as 1929, the president of the International Land Workers' Federation protested against the burden placed on agriculture in being expected to absorb returned urban workers<sup>3</sup>.

The situation existing at the present moment is unquestionably due to the general causes of unemployment now prevailing in all industries. The development of economic life has "industrialised" agricultural conditions; but that being so, it is only right that agricultural workers should benefit from the same measures as those which are taken to mitigate the effects of unemployment in the case of industrial workers.

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<sup>1</sup> *The Land Worker*, Aug. 1931.

<sup>2</sup> Cf. resolution adopted by the executive committee of the German Christian Union of Rural Workers in October 1930. Cf. also *Landarbeiter*, 26 March 1932.

<sup>3</sup> *Forward*, 14 Sept. 1929, p. 11.

## LEGISLATIVE ACTION IN FAVOUR OF UNEMPLOYMENT INSURANCE FOR AGRICULTURAL WORKERS

### *Previous Decisions of the International Labour Organisation*

The Recommendation concerning unemployment adopted by the First Session of the Conference at Washington in 1919 covers agricultural workers. This has been expressly recognised by the Conference itself and a formal statement to that effect has been made. The statement will be found in Article I of the Recommendation concerning the prevention of unemployment in agriculture adopted two years later in 1921, at Geneva. The opening words of this Article run: "Considering that the Draft Convention and Recommendation concerning unemployment adopted at Washington are in principle applicable to agricultural workers. . ."

As already stated in the Introduction to the present report, Article III of the 1919 Recommendation asks the Governments to set up effective systems of unemployment insurance. The combined effect of the 1919 and 1921 Recommendations is therefore to indicate that agricultural workers should be effectively insured against unemployment.

This previous decision of principle of the Conference will naturally influence the present discussions.

The 1921 Recommendation deals separately with the prevention of (not with insurance against) unemployment among agricultural workers. The Recommendation, the opening words of whose Article I have already been in part cited, continues as follows: "and recognising the special character of unemployment in agriculture, recommends," etc. There follow two Articles containing some suggestions for preventing unemployment among agricultural workers.

A few observations on the suggestions made by the Conference in 1921 may be useful, as naturally the means of preventing unemployment bear on insurance against unemployment: if prevention is successful, insurance will be much less necessary, or may be unnecessary, for agricultural workers.

The suggestions in the 1921 Recommendation are throughout based on the idea that there should be an increase in agricultural production. Indeed, an increase in agricultural production is more or less taken for granted, and the purpose of the Recommendation is to point out to Governments their responsibility to encourage



that increase in such a way that social no less than economic ends should be served and the rights of the workers thus safeguarded.

The position in agriculture is to-day quite different from what it was when this Recommendation was adopted. It is now recognised (as it was not in 1921) that there is great difficulty in selling agricultural produce, and the tendency is not towards expansion but towards restriction. Already efforts have been or are being made to arrive at actual limitations on production, internationally (rubber, sugar, wheat, hops, timber), or nationally (quotas or analogous arrangements). It follows that measures which are based on suggestions for increased production are for the time being inapplicable. The special measures recommended on behalf of agricultural workers cannot therefore at present be carried out, and these workers can no longer enjoy the benefit of the special decision taken on their behalf by the International Labour Conference.

Clearly this has a bearing on their claim to be included in any decisions now to be taken by the Conference as regards insurance against unemployment.

### *National Legislation*

In no country are all agricultural workers insured against unemployment; in fact, most systems of compulsory unemployment insurance exclude agricultural workers. Note may be taken of the early experiment in extending the compulsory principle to agricultural workers made in Italy in 1919. The Decree of 19 October 1919 securing unemployment benefits to all unemployed workers who were victims of involuntary unemployment also covered agriculture, but by Decree of 30 December 1923, No. 3158, agricultural workers were excluded and only special groups of agricultural workers could, by Decree of the Ministry of National Economy, be admitted to the unemployment insurance scheme. The reason for this exclusion is stated by Mr. Serpieri (who towards the end of 1923 was Under-Secretary of State at the Ministry of National Economy), who says that "due to the seasonal character of agricultural work, it is extremely difficult to establish that unemployment is involuntary. The principle of compulsory insurance can therefore only be admitted with reservations and for exceptional reasons"<sup>1</sup>. The insurance of agricultural workers

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<sup>1</sup> SERPIERI: *La Politica Agraria in Italia*, p. 227. Piacenza, 1925.

against unemployment was from the outset resisted by agricultural employers. Their arguments laid much stress on the technical difficulties, but also assumed that unemployment was a purely temporary phenomenon in this industry and that a system of insurance against it was absurd in view of the fact that other remedies tending to an expansion of production would be much more scientific and would lead directly to an increase in employment opportunities; the desirability of continuing the public works on soil improvement was indicated. These ideas prevailed, and after a short trial agricultural workers were excluded from the Italian unemployment insurance system.

In Great Britain, agriculture was excluded from the scope of unemployment insurance by the Act of 1920. The question of its inclusion or the establishment of a special insurance scheme for agricultural workers has, however, been the subject of discussion on several occasions since that date. No positive results have so far been achieved. The objections raised against unemployment insurance in agriculture are of two kinds: the existence of unemployment of sufficient importance in agriculture is denied, and the present insurance system in force, the scales of contribution and benefits of which apply to all industries without distinction, is considered inapplicable to agriculture. Both employers and workers in this industry seem to agree that the contribution rates would be unduly high in comparison with the risk of unemployment in agriculture and represent too heavy a burden on both parties. Further, unemployment benefit for married workers would in several cases be equal to agricultural wage rates, or even exceed them.

The Committee set up in 1921 by the Agricultural Wages Board (England and Wales)<sup>1</sup> concluded that there was a general opposition both by employers and workers to the inclusion of agriculture under the general provisions of the Unemployment Insurance Act, 1920, and that the information available as to the incidence of unemployment in agriculture was insufficient for the preparation of a special scheme of insurance for agricultural workers. In 1926, however, the majority of an Inter-Departmental Committee on Agricultural Unemployment Insurance<sup>2</sup> came to the conclusion that the risk of unemployment in agriculture could not be ignored

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<sup>1</sup> *Report of the Committee on Unemployment Insurance in Agriculture.* Cmd. 1344:

<sup>2</sup> MINISTRY OF AGRICULTURE AND FISHERIES and SCOTTISH OFFICE: *Report of the Inter-Departmental Committee on Agricultural Unemployment Insurance, 1926.*

and that the extension of the principle of unemployment insurance for agricultural workers was desirable. But even this majority agreed that the terms and conditions of the present Unemployment Insurance Acts were inapplicable to agriculture and that insurance against the risk of unemployment in this industry could only be fairly provided for by new legislation. Such legislation has, however, not been enacted. The Royal Commission on Unemployment Insurance of 1930-1932 came to the conclusion that there were strong arguments for the extension of unemployment insurance to agriculture and recommended that the possibility of a special scheme should be examined with representatives of the industry.

In Germany the unemployment relief system which was introduced after the war included agriculture. When this system was reorganised in 1923, agriculture was obliged to contribute, and only later were exemptions introduced for long-term labour contracts and for farm servants. These exemptions were maintained in the Act on Employment Exchanges and Unemployment Insurance of 1927. Owing to the importance of these exemptions, to which reference will be made later, only about 40 to 50 per cent. of all agricultural workers are, at a given moment, insured against unemployment. By rule of exception, the following compulsory insurance systems cover some groups of agricultural workers, namely, in Queensland (Australia), workers employed in the sugar industry and workers employed in the pastoral industry; in Austria, persons employed wholly or mainly in sawmills; and in Italy workers engaged in the cutting and transport of wood, in the improvement of irrigation and drainage, and in public works. In this latter country the Minister of Corporations may, by Decree, subject certain categories of agricultural workers in certain districts to compulsory insurance. All other systems of compulsory unemployment insurance completely exclude agricultural workers.

On the other hand all voluntary insurance systems cover, generally speaking, all wage earners, but as these voluntary systems are based on the existence of some organisations of workers as carriers of the insurance, the practical importance for agricultural workers of this liberal attitude has been very restricted <sup>1</sup>.

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<sup>1</sup> The situation is somewhat peculiar in Switzerland. The legislation of those Cantons which institute voluntary insurance but enable the communes to declare the insurance compulsory for their territory, exempts from this liability to insure, among others, agricultural workers. In Valais the only legislation provides that if a commune introduces compulsory insurance in its territory this insurance must also cover agriculture. In the Cantons where legislation provides only for voluntary unemployment insurance, the limitations vary from one fund to another.

Voluntary unemployment insurance funds of some importance only exist in Czechoslovakia, Denmark and the Netherlands. In Czechoslovakia, about 128,000 workers in agriculture and forestry were organised in trade unions at the end of 1930, and the great majority of these are believed to have been insured against unemployment. In Denmark, the insurance covers about 12,000 agricultural workers. In the Netherlands there exist seven voluntary insurance funds which together comprise 34,000 members. But even in these cases, only a minor part of all the agricultural workers in the two countries in question are insured. In other cases, permission to enter a voluntary insurance system appears not to have been greatly used by the agricultural population. In Belgium an insurance fund is attached to the Union of Workers in the Food Industry and in Agriculture, but the number of agricultural workers in this union is low. In France there existed in 1928 only two funds for agriculture with an average of 300 members<sup>1</sup>. Neither in Norway nor in Finland has use been made of the possibility of establishing insurance funds for agricultural or forestry workers.

Owing to the small number of existing cases in which unemployment insurance for agricultural workers has attained any real importance, practical experience in this field is somewhat limited. It is, however, possible to state the following facts.

(a) *Definition of an agricultural wage earner, and exclusion from unemployment insurance of other persons occupied in agriculture.* — The German Act of 1929<sup>2</sup>, section 70, states that "employment in agriculture and forestry . . . shall be exempt from insurance if the employed person himself is the owner or tenant of agricultural or forest land of such extent that he and his dependants can live mainly on the produce thereof and if he usually works as an employee for less than half the year". Further, the dependants of such owners or tenants are also exempted from unemployment insurance<sup>3</sup>.

Danish legislation follows the same lines. Apart from the general

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<sup>1</sup> *Bulletin du Ministère du travail*, July-Aug.-Sept., 1930, p. 234.

<sup>2</sup> INTERNATIONAL LABOUR OFFICE: *Legislative Series*, 1929, Ger. 5.

<sup>3</sup> Cf. the stipulations of section 89 excluding from benefits (but not from insurance) persons engaged not only in agriculture, but also in industry, who earn or can earn a livelihood jointly with wife or husband, parents or grandparents or descendants, by co-operating in their undertaking. This rule is of great practical importance to farmers' sons or daughters occupied as wage earners on farms belonging to other persons. A practice grew up whereby peasants' sons exchanged work with one another on the holdings of their

stipulations laid down for admission to an unemployment insurance fund, small-holders are accepted under the following conditions:

- (1) They must have worked as wage-paid labourers at least 150 days in the course of a year;
- (2) The net income from their holding must not exceed 1,500 Danish crowns;
- (3) The land value (without buildings) of such a holding must not exceed 3,000 Danish crowns;
- (4) The livestock must not comprise more than 2 cows and a heifer, and one horse standing not more than 1.60 metres<sup>1</sup>.

(b) *Distinction among categories of agricultural workers according to the unemployment risk they represent.* — Under a voluntary insurance scheme, a regulation of this kind is uncalled for, as persons in permanent employment have little or no interest in insuring themselves.

German legislation excludes from compulsory unemployment insurance all workers usually designated as farm servants. German legislation exempts also from unemployment insurance workers engaged under a written contract of employment for not less than one year, or workers engaged under a written contract of employment for an indefinite period who cannot be given less than six months' notice to leave except for a serious reason<sup>2</sup>, but such exemption ceases six months before the day on which such employment is ended by the lapse of time.

## § 2. — Other Occupational Groups

### DOMESTIC SERVANTS

This category is formally excluded from the compulsory insurance laws in force in Austria (section 1, subsection 4 (b)), Great Britain

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respective fathers for six months in the year, contributing meanwhile to an unemployment insurance fund, in order that they might afterwards return to the home farm and claim insurance during the winter months on the ground that they were no longer employed. In consequence of this practice, the above-mentioned Regulation is now much more strictly applied than it was when unemployment insurance was first introduced in Germany (cf. *Der Land- und forstwirtschaftliche Arbeitgeber*, 9 April 1932).

<sup>1</sup> 1.60 metres. = 15.7 hands.

<sup>2</sup> Where collective agreements are in force containing corresponding provisions respecting the termination of employment, a declaration in writing is drawn up and signed by both parties to the effect that the labour contract is governed by the collective agreement.

and the Irish Free State (Act of 1920, First Schedule, Part II (b)), Italy (Royal Decree of 1923, -section 2 (4)), Wisconsin and five Swiss Cantons. In the latter case, however, the provision is rather for a general exemption from the principle of compulsion, since domestic servants, like the other excepted categories, have the right to insure voluntarily; in the Canton of Solothurn the exception applies only to women servants.

For the better definition of domestic service the British and Irish Acts state that the exception does not cover employment as a domestic servant in a trade or business carried on for gain. This example will give an idea of the difficulty there may be in defining "domestic servants" and the precisions that may be needed. If they are not adequate in the Act itself, they must be formulated in practice by the courts. In one of the first decisions of the High Court in Great Britain in this matter domestic servants were defined as "servants whose main or general function it is to be about their employers' persons or establishments, residential or quasi-residential, for the purpose of ministering to their employers' needs or wants, or to the needs or wants of those who are members of such establishments or those resorting to such establishments, including guests"<sup>1</sup>. According to the courts, although a gamekeeper may be regarded as a domestic servant, a steward on a pleasure yacht is not <sup>2</sup>. The chauffeur of a private motor-car or the lodge-keeper of a hospital may be excluded from insurance, while the chauffeur employed by a doctor for professional visiting, or the lodge-keeper of a private sanatorium is not <sup>3</sup>.

Other criteria might be adopted. Thus the Wisconsin Act excepts the personal or domestic service of an employer at his home.

Domestic servants are implicitly excluded in Poland and three Swiss Cantons. On the other hand, they are covered by the general definition of the scope of unemployment insurance in the Canton of Basle-Country.

In Germany they were originally excluded by an Order of 14 November 1924, which in its explanatory memorandum gave as reasons the favourable situation of the labour market for domestic servants and the fact that the contributions would impose too heavy a burden on them.

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<sup>1</sup> EMMERSON and LASCELLES: *Guide to the Unemployment Insurance Acts*, 1930, p. 9.

<sup>2</sup> *Ibid.*, p. 10.

<sup>3</sup> *Ibid.*, p. 11.

Are these reasons sufficient to justify exclusion? The situation of the labour market has changed, for economic depression has led many families to do without servants. In these circumstances, is unemployment a lighter burden for them than the payment of contributions? Without employment they lose the board and lodging they formerly obtained from their employer. Their low cash wages give them even less opportunity than other workers to save with a view to possible unemployment. Furthermore, the difficulties of supervision that are sometimes alleged as a reason for exclusion can hardly be regarded as an insuperable obstacle, since the German unemployment insurance legislation was extended in 1927 to include domestic servants<sup>1</sup>. They are, however, excluded from emergency relief (section 1 (4) (b) of the Order of 11 October 1930) so that when their right to benefit is exhausted, they immediately become candidates for communal relief.

Of the voluntary unemployment insurance schemes subsidised by the State, the only one that formally excludes domestic servants is that of Spain. In other countries these schemes apply to them automatically, since it is sufficient to be a wage earner and member of an unemployment fund. In fact, domestic servants are not strongly organised and are rarely insured. They are not, however, *a priori* excluded from measures of relief. The French statistics of registered unemployed (i.e. persons in receipt of benefit from the public unemployment funds) include a certain number of unemployed under the occupational headings "personal services" and "domestic servants".

The following table<sup>2</sup> gives an approximate idea of the numerical importance of the occupational group "domestic servants":

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<sup>1</sup> With the exception of farm servants (see the section on agricultural workers). The practical significance of this fact is illustrated by the figure of 60,000 persons in receipt of standard insurance benefit, shown under the heading "domestic service" at the end of 1931, or 4 per cent. of all beneficiaries, and 17.7 per cent. of female beneficiaries (*Reichsarbeitsmarkt-Anzeiger*, 9 Feb. 1932).

<sup>2</sup> Based on figures derived from the most recent censuses and published in the *International Statistical Year-Book of the League of Nations*. It should be observed that the group "domestic servants" usually comprises domestic servants proper, as well as all persons employed on personal services (e.g. nurses, etc.). For instance, according to the German Census of 1925 there were 913,000 domestic servants living in.

Country	Number (in thousands)	Percentage of active population
Germany	1,394.0	4.4
Austria	178.8	—
England and Wales	2,025.0	11.8
Scotland	199.9	9.2
Irish Free State	128.6	9.9
Italy	445.7	2.4
Poland	275.7	2.0
Bulgaria	18.8	0.7
France	846.7	4.0
Belgium	160.0	5.0
Netherlands	221.0	8.1
Denmark	180.6	13.3
Spain	301.0	3.7
Switzerland	114.6	6.2
Czechoslovakia	260.6	4.3

## SALARIED EMPLOYEES

### *Employees in Public Services*

These are mentioned here only for the sake of completeness, for they will be discussed below under the heading of the various limitations as regards the nature of the employment. At present most of the laws in force, where compulsory, exclude employees in public services from insurance, since the risk of unemployment is for them in practice very small.

### *Private Employees*

In countries with compulsory insurance salaried private employees are sometimes explicitly mentioned among the list of insured persons. For instance, the special Polish Act specifically mentions salaried employees, persons engaged in the liberal professions, artistic workers, teachers, journalists and officers of the mercantile marine. But as a rule the inclusion of salaried employees, as of wage earners, is merely implied by the law, subject to certain specified exceptions. Thus in Germany and Austria unemployment insurance covers persons who are insured against sickness, and the German Act adds that it also covers all persons who, although subject to salaried employees' insurance, are exempt from sickness insurance for the sole reason that their salary exceeds the maximum fixed for such insurance. In Great Britain and the Irish Free State, the insurance covers persons engaged in non-manual occupations provided that their remuneration does not exceed £250 a year. In Queensland (Australia) it covers persons whose wages are fixed by collective agreement, arbitration award, or apprenticeship regulations; although persons who, in the legal, medical and other



liberal professions, render professional services requiring personal skill, knowledge and attention are excluded from insurance.

In countries with a voluntary insurance scheme the law does not as a rule impose any restriction as regards salaried employees, who are therefore insured if they belong to recognised funds. This is the case in Belgium, Finland, France, the Netherlands and Norway. The Danish Act explicitly declares that the Government subsidy is intended among others for workers in shops and offices, industry, hotels, and transport services. In Czechoslovakia, all persons employed in virtue of a contract of employment may insure themselves, except where the contract guarantees not less than one year's notice of dismissal. In a few cases certain categories of salaried employees are subject to special provisions.

Side by side with the insurance funds in the narrow sense, many countries have supplementary relief funds for insured persons who have exhausted their claim to benefit and relief funds for workers not covered by any insurance scheme. Salaried employees are entitled to benefits from the supplementary funds to the extent that they are covered by the insurance scheme. As regards the other funds, these grant relief if it can be shown that the persons concerned are genuinely in need of it, and in this respect salaried employees are treated in the same way as manual workers.

It is clear, however, that a large number of salaried employees do not benefit by unemployment insurance even where it is compulsory and applies to practically all manual workers. The proportion of salaried employees outside the insurance scheme is still very large in countries where insurance is voluntary.

A few figures may be given for the two kinds of scheme:

In Great Britain,<sup>1</sup> for instance, there were in July 1931 about 1,875,000 insured persons in the distributive trades, 236,000 in commerce, banking, insurance and finance, 121,000 in Central Government services, and 332,000 in Local Government services, or a total of 2,564,000 out of 12,770,000 insured persons. It is probable that a considerable proportion of these 2,564,000 were salaried employees. Similar figures might be given for Germany and other countries in which insurance is compulsory for salaried employees whose earnings do not exceed a fixed maximum. In countries where insurance is compulsory without limitation as to income, it covers a large proportion of salaried employees, as, for instance, in Austria and Poland. In the latter country the number of persons insured against unemployment on 1 November 1931 was 866,000 for manual

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<sup>1</sup> Including Northern Ireland.

workers and 258,000 for salaried employees and persons in the liberal professions, who are subject to a special Act.

In Belgium, in 1931 according to statements of the Minister of Labour, there were 760,000 insured workers out of a total of about 1,400,000 insurable, and only 17,000 employees insured out of a possible total of 205,000. In Denmark, out of a total of 288,428 insured workers on 31 March 1930, there were 1,858 foremen, 415 technicians, 929 chemists, 1,069 "private employees" (in particular in banking and insurance), 12,138 employees in shops and offices, 1,284 musicians and 1,720 telephone and telegraph employees, or a total of 19,413. In France, in a total of 83 occupational unemployment insurance funds subsidised by the State and with an average membership of 144,000 in 1928, 7 funds included 9,000 workers in commerce, 2 funds included 2,000 in transport industries, and 1 fund included 2,000 persons in the liberal professions. The total number of salaried employees in these three groups may be estimated at about 12,000.

Certain reasons are at times advanced in favour of applying to all salaried employees or to those engaged in certain types of work a system of unemployment benefits different from that in force for manual workers. It has been pointed out that salaried employees are unwilling to belong to a fund which also includes manual workers, and that they protest against the requirement to present themselves at the same employment exchange as the latter in order to prove that they are unemployed. The reasons for this attitude may be purely psychological, but they are none the less real. It would be possible, however, very largely to remove objections of this kind by adopting special provisions for salaried employees or for certain categories of such employees, as has been done in Poland for non-manual workers, and in Great Britain for employees in banking and insurance<sup>1</sup>. As regards the proof of unemployment, in many cases there are already separate employment exchanges for the different occupations. The problems of the insurance and placing of salaried employees are to some extent different from those arising in the case of manual workers, and there may accordingly be some reason to treat them separately.

#### LIMITATIONS AS REGARDS THE NATURE OF THE EMPLOYMENT

##### *Relatively Stable Employment*

Stability of employment is nearly always regarded as a reason for exclusion from the scope of compulsory unemployment insurance.

<sup>1</sup> See also p. 182 of the present report.

The most important category in this respect is that of salaried employees in public services, whether in the civil service or in railway administration (both in State and, sometimes, in private companies) or in companies working under public concession.

The fact that they are covered by a pensions scheme is sometimes adduced in favour of exclusion, side by side with the argument of stability of employment, which it tends to strengthen. The exclusion is therefore dictated not merely by the fact that a person is employed in a public service, but rather by the fact that his employment is stable. Thus the British Act begins by laying down the principle that it covers employment under any local or other public authority (First Schedule, Part I (c)) as well as persons employed by or under the Crown to whom the Act would apply if the employer were a private person (section 40), and then defines the exceptions. Thus the Act does not apply to employment under any local or other public authority, in the service of a railway company or public utility company, in all cases where the Minister of Labour certifies that the employment is, having regard to the normal practice of the employer, permanent in character, that the employed person has completed three years' service in the excepted employment and that the other circumstances of the employment make it unnecessary that he should be insured under the Act (Act of 3 March 1921, Second Schedule). As regards persons employed by or under the Crown, an exception is made for those who serve in an established capacity in the permanent service of the Crown (and persons serving a probationary period with a view to establishment—section 40, subsection 1). In the latter case, therefore, the exclusion applies *ipso jure* and from the outset, whereas in the former the exemption applies only at the end of three years of insurance.

In the Italian Decree of 1923, section 2, subsection (2), excludes persons employed by public or private establishments with guaranteed stability of employment, and subsection (8) workers and salaried employees in the permanent employment of the State, the State railways, the Royal household, the provinces, communes, public charitable institutions, and public transport undertakings covered by the Act concerning equitable treatment<sup>1</sup>. In Germany, according to section 69, subsection (2), of the 1927 Unemployment Insurance Act, officials and salaried employees in public services are excluded, since they are not subject to the 1924 Act concerning

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<sup>1</sup> The legislation on equitable treatment establishes a number of safeguards for the employment of workers in public transport undertakings.

salaried employees' insurance against invalidity and old age (sections 11 and 12).

In Austria officials are not covered by the sickness insurance scheme, which constitutes the basis for the scope of unemployment insurance. Furthermore, section 2 (4) of the Salaried Employees' Insurance Act of 1926 exempts from compulsory insurance salaried employees in the service of the State, a province, commune or public foundation, institution or undertaking, if they have a contract of employment not liable to termination by notice and therefore have a claim to superannuation or a pension.

Similarly, the Bulgarian Act of 1925 excludes officials who are covered by the pensions scheme for civil servants, but applies to workers in public undertakings and institutions. The position is the same in Poland, except as regards unskilled workers employed on the railways or roadmaking. Officials were first excluded implicitly under the 1924 Act, and then explicitly under section 5 of the Decree of 24 November 1927 on the insurance of intellectual workers.

The exclusion of officials is also to be found in the legislation of Wisconsin and of the Swiss Cantons that have introduced compulsory insurance.

Some laws specifically exclude soldiers, clergymen, and teachers employed in State schools.

As regards voluntary schemes, officials are formally excluded in Spain. Similarly, they are automatically excluded from the right to the State subsidy towards unemployment relief in Czechoslovakia, because they are not covered by sickness insurance if their contract guarantees not less than one year's notice of dismissal. Although they are not mentioned in the other laws, in fact they usually abstain from insuring.

Certain laws have extended the principle of stability of employment to private employees. Thus, the Italian Decree of 1923 excepts from insurance the workers in private undertakings whose stability of employment is guaranteed (section 2 (2)). The British Act similarly provides that unemployment insurance is not compulsory in the case of an employment in which the persons employed are entitled to rights in a superannuation fund established by or in pursuance of an Act, where the Minister of Labour certifies that the employment is, having regard to the normal practice of the employer, permanent in character, that the employed person has completed three years' service and that the other circumstances of the employment make it unnecessary that he should be insured under the Act (Second Schedule, Act of 3 March 1921). As in the

case of public service, once the period of three years' service has been completed, the condition is not normally imposed again if the employee leaves his employment to engage in another in which he may similarly be exempt from the liability to insure under the Act.

The Queensland legislation provides that the Governor-in-Council may from time to time make regulations providing for the exception from the operation of the Act of persons not subject to dismissal and entitled to rights in a superannuation fund.

The principle of exemption on account of stability of employment is also applied to workers in Germany, where agricultural workers are exempt from insurance if they are engaged under a written contract of employment for not less than one year or a contract under which they cannot be given less than six months' notice to leave (section 71 (1)); the exemption ceases, however, six months before expiration of the contract.

Can the fact that an occupation is relatively free from unemployment be regarded as a sufficient reason for exclusion? From the point of view of the financial equilibrium of the insurance scheme, the exclusion of the best risks may appear regrettable. It would, moreover, seem reasonable that those who enjoy the privilege of a stable situation should be required to share, in a spirit of social solidarity, in a scheme that offers certain guarantees to those in a less advantageous situation. Moreover, for many workers covered by compulsory insurance the risk of unemployment is equally small, whether on account of their special skill or of their relations with their employers. Unlike the individual foresight exercised in a voluntary insurance scheme, the contribution paid in a compulsory scheme may be regarded rather as of the nature of a tax earmarked for a special purpose. This argument appears obvious in view of the fact that, for instance in Great Britain in the case of workers who are exempt from insurance for personal reasons, the employer is nevertheless bound to pay his share of the contribution, as also in the case of workers of over sixty-five years of age, who have no right to unemployment insurance benefits<sup>1</sup>.

Furthermore, although the risk of unemployment to the persons whose employment is relatively stable may appear so small as to justify their exclusion, reductions of staff may nevertheless become necessary for reasons which cannot be foreseen—in particular, in cases of economic depression.

The principle of exclusion produces several complications,

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<sup>1</sup> EMMERSON and LASCELLES, *op. cit.*, pp. 15-16.

owing to the difficulty of defining the terms "officials" and "public services" exactly. Owing to the lack of uniformity in this field, it is also difficult to give a table of comparable figures showing the size of this category in different countries. It may be indicated by way of example that in Germany, according to statistics published by the Ministry of Finance, the total number of officials and salaried employees (leaving out of account workers employed by the Federal Government, the Federal States, the communes and public services, including the railways and postal services) was on 31 March 1929 1,572,000, a figure which, compared with the total number of insured persons at the same date (17,440,000), is considerable.

### *Limitations as regards Earnings*

Several schemes, both compulsory and voluntary, impose limitations as regards earnings or property. Above a certain maximum in this respect persons are considered to be in a position to bear themselves the risk of want due to unemployment. These limitations may apply to workers in general or only to salaried employees. The latter is the case in the compulsory systems of Great Britain, the Irish Free State, Italy and Germany.

In Great Britain and the Irish Free State the Act does not apply to non-manual workers whose earnings are at a rate exceeding £250 a year or whose employment involves part-time service only at a rate of remuneration which in the opinion of the Minister is equivalent to a rate of remuneration exceeding £250 a year for whole-time service (First Schedule, Part II (h))<sup>1</sup>.

In Italy salaried employees and persons in a similar position earning more than 800 lire a month are excluded from compulsory insurance (section 2 (2) of the Decree of 1923).

In Germany salaried employees earning not more than 8,400 marks a year are exempt from compulsory insurance, but may be insured voluntarily if they so desire.

In Poland the Act of 28 October 1925 provided that non-manual workers whose monthly earnings exceeded 560 zloty should not be liable to compulsory insurance, but this provision was not included in the Presidential Decree of 24 November 1927 concerning the insurance of non-manual workers.

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<sup>1</sup> Furthermore, the 1920 Act allows any person in receipt of a pension or income of the annual value of £26 or upwards, which does not depend on his personal exertions to claim exemption from insurance or from continued insurance (section 3, subsection (1) (a) and (c)).

In Switzerland limitations as to earnings and property are both in force for workers and salaried employees. In Cantons where unemployment insurance is compulsory both limitations are usual. Other Cantons adopt only the limitation as to earnings, or none at all. Solothurn has fixed a lower maximum wage for women. In Basle-Town persons whose earnings exceed the maximum may insure compulsorily. In the Canton of Geneva such persons are exempt only on application even if their property exceeds the maximum. The maximum earnings for compulsory insurance vary in Switzerland between 2,400 and 6,000 francs a year (the latter figure is the more usual) and the maximum property between 20,000 and 50,000 francs.

When insurance is voluntary no limit is specified in Cantonal legislation. The position is the same in other countries with voluntary systems, except Spain (general maximum earnings, 6,000 pesetas a year) and Denmark, where although there is no maximum as to earnings, a maximum as to property applies to all workers. Membership of a State-subsidised insurance fund is open only to wage earners without means, that is to say, persons who do not possess a capital sum exceeding 5,000 kroner in the case of an unmarried worker and 10,000 kroner in that of a married worker, or 8,000 and 15,000 kroner respectively where the capital consists wholly or partly of real estate.

It should be pointed out that in the case of limitations as regards earnings, a distinction should be made between liability to insurance and the right to benefit <sup>1</sup>.

It seems open to question whether a limitation based on earnings is justified. It would appear difficult to find objective reasons in favour of fixing any particular maximum. Considerable differences exist, for example, in Switzerland from one Canton to another. Moreover, the present economic depression has shown that, in a number of countries, many persons who until recently earned wages in excess of the fixed maxima now have to depend on their relatives.

There is also the point as to social solidarity referred to above, according to which persons with higher incomes might reasonably be considered those best capable to share in building up an unemployment benefit scheme.

### *Seasonal and Casual Employment*

The employment considered here is that in industries which are active during less than six months of the year, and not those

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<sup>1</sup> Cf. below, Chapter III.

trades which are permanently subject to seasonal employment; that is to say, occupations which generally constitute, for the persons engaged in them, a subsidiary pursuit, the main occupation of these persons being in another and more important trade which may be subject to unemployment insurance. The various laws under which insurance is compulsory exclude these subsidiary occupations, but do not thereby individually wrong the workers who have a principal occupation and continue to pay their contributions in respect of this. The object is merely not to grant a claim to benefit to persons who are not genuinely regular industrial workers. It should be observed that the Bulgarian Act mentions seasonal work, not to allow exemption from insurance as is done under Polish law, but to specify that only days lost during the working season and not those lost in the slack season are deemed to be days of unemployment (Act of 12 April 1925, section 34).

In Switzerland most of the Cantons which have adopted a compulsory scheme exempt seasonal workers from liability to insure, but leave it open to them to do so individually. In countries where the scheme is voluntary, no special provision is made as a rule for seasonal workers.

Like seasonal employment, subsidiary occupations are for the most part excluded from compulsory insurance. The British Act mentions them explicitly as to be excluded.

Casual work is not ordinarily covered by compulsory insurance. An exception is made in Germany for work done in maritime and river ports, which is now liable to insurance since the Decree of 23 October 1930. The days on which these workers work not less than eight hours are counted in the waiting period for the establishment of their claim to benefit, and half-days worked in any one week may be added together and counted for this purpose. The Italian Decree of 1923 (section 2 (9)) explicitly excludes "persons only occasionally employed on account of another". In Great Britain the legislation in force excludes persons casually employed otherwise than for purposes of the employer's trade or business (Act of 9 August 1920, First Schedule, Part II (i)), as also certain classes of employment specified by the Minister in charge.

#### *Other Limitations as regards the Nature of the Employment*

In several countries with compulsory schemes, apprentices are either exempt from the liability to insurance or even excluded. In Germany "employment under written articles of apprenticeship entered into for at least two years shall be exempt from insurance"



(section 74, subsection 1). Similarly, employment in agriculture and forestry under written articles of apprenticeship entered into for at least one year is exempt (section 74, subsection 2). In Austria the position is the same, the Act making insurance compulsory only during the last year of apprenticeship. In Switzerland certain cantonal laws establishing compulsory schemes exclude apprentices. Queensland leaves them out of account by stating that the term "worker" does not apply to indentured apprentices, but apprentices whose wages or other remuneration is fixed by award or industrial agreement are liable to insurance (Act of 1922, section 2 (d)). Great Britain includes apprentices, provided they work for a money payment.

In countries with voluntary insurance the law in force usually applies to all wage earners without exception.

Compulsory schemes sometimes provide that the law shall not apply if there is a close family relationship between employer and worker. This is the case in Great Britain for "employment in the service of the husband or wife of the employed person", as also for "employment in respect of which no wages or other money payment is made where the person employed is the child of, or is maintained by, the employer" (Act of 1920, First Schedule, Part II (b) and (m)).

In Germany there is an exemption in agriculture, forestry and fishing for the husband or wife and descendants of the owner or tenant of land of such extent that he and his dependants can live mainly on the produce thereof. This exemption does not apply unless the dependant in question lives in the household of the owner or tenant (Act of 27 July 1927, section 70). In Italy persons who "are employed on account of another who is bound to supply them with board" are not liable to compulsory insurance (Royal Decree of 30 December 1923, section 2 (6)).

Certain countries do not consider it necessary or expedient to make insurance compulsory for workers in undertakings employing less than a specified number. Thus in Poland the Act of 18 July 1924 excepted workers employed in undertakings with not more than five workers; by an Act of 17 March 1932, however, the Minister of Labour and Social Welfare may authorise the admission of these workers. The Wisconsin Act fixes a minimum of ten for the number of workers obliging an employer to insure his staff against unemployment. Moreover, the Act does not apply without exception to all workers. A similar provision is in force in France in respect of the provision of benefits for workers on short time. A Circular

of 8 July 1931, in application of the Decree of 10 March, provided that only workers in establishments employing at least ten workers may draw benefits from the unemployment funds in the event of partial unemployment. This condition appeared necessary in order to provide a check on the reality of the existence of partial unemployment.

Finally, reference may be made to a curious limitation in force in Austria. Employment in purely rural communes is not insurable, such communes being taken to mean those in which workers whose occupation is liable to insurance under section 1 of the Act are not employed or resident in considerable numbers (section 1, subsection (a), 2). Nevertheless even in these communes, employment on building of any importance or in undertakings regularly employing over five workers remains liable to insurance.

#### LIMITATIONS AS REGARDS AGE

A limitation to be found in a large number of laws relates to the minimum and maximum age of the beneficiaries. It seems justified by the consideration that below a certain age a young person cannot be regarded as a worker—here the question touches also on that of the liability of apprentices to insurance—and that above a certain age the risk of unemployment to which a man's reduced working capacity exposes him is too heavy to be covered by a well-balanced scheme of insurance. Here some other social institution such as invalidity and old-age insurance may intervene.

The minimum age fixed by the various laws ranges between fifteen and twenty years. It is fifteen years in Bulgaria, Finland and Italy; sixteen years in Spain, the Irish Free State, Poland and Luxemburg; and eighteen years in Denmark and Queensland. In Austria the minimum age is seventeen years, but unemployed persons under that age are also entitled to benefit if they have no relations responsible for maintaining them and able to do so; in addition, apprentices are liable to insurance from their last year of apprenticeship. In Switzerland, in the Cantons with compulsory insurance, the age is usually sixteen years (the same limit as that fixed for the payment of the Federal subsidy to voluntary insurance) but other minima are also fixed, up to twenty years, and in some cases there is no limitation at all.

Sometimes the minimum age is related to the school-leaving age. Thus in Germany only wage earners of over school age are insured

and entitled to benefit, unless they are under twenty-one years and are in receipt of maintenance allowances under the Civil Code. In Great Britain, where the minimum age is sixteen years, the Act provides that when the school-leaving age is raised to at least fifteen, the minimum age will be the same as the school-leaving age. A general adoption of such a measure would seem desirable, so that the persons concerned might be covered by unemployment insurance from the date they begin to work. It may be observed that a similar tendency is apparent in the case of sickness insurance. If the minimum age is fixed too high, what is to become during a period of depression of young unemployed workers, who are specially open to moral influences ?

The upper age limit is sixty-five years in Spain, Great Britain, Italy and Belgium. In the latter country there is an exception if the unemployed worker has worked for not less than six months during the previous calendar year. The age limit is sixty years in Finland, Poland for non-manual workers, and in Bulgaria. In Switzerland it varies between sixty and sixty-five years according to the Canton and the nature of the unemployment fund.

### INDEPENDENT WORKERS

This term is taken to cover workers whose remuneration does not consist, properly speaking, of a wage, and who are not generally bound by a permanent contract of employment. It covers certain liberal professions and intellectual occupations, home workers and craftsmen of all kinds, commercial travellers, commission agents, etc.

It is clear that in most of these occupations it is more difficult to establish the existence of unemployment than in the case of workers or salaried employees bound by a contract of employment which is subject to expiry. This is one of the reasons why many insurance laws have excluded independent workers. Certain voluntary insurance schemes, such as that in operation in Denmark, include, however, craftsmen among the trades whose unions have the right to set up an unemployment fund recognised by the State (Act of 1 July 1927, section 6). The French and Czechoslovak voluntary insurance laws apply to all wage earners without distinction and have recently been extended to certain categories of independent workers. Thus in France a Decree of 28 July 1932 has provided that the State subsidies may be paid to unemployment

funds established by independent workers, including craftsmen employing three or more assistants (not including members of their own families). In Czechoslovakia, large sums have been granted for the relief in particular of home workers suffering from the economic depression.

The British Act, on the other hand, excepts persons who have no contract of employment. It excludes the majority of home workers as also agents paid by commission or fees or a share in profits if they are mainly dependent on some other occupation or are employed by more than one employer, and also members of the crew of a fishing vessel where they are wholly remunerated by a share in the profits or the gross earnings of the working of the vessel (Act of 1920, First Schedule, Part II (k)).

Italy formally excludes home workers even if they work on account of another, artistes, theatrical and cinematographic employees, and persons whose remuneration consists exclusively in a share of the profits or of the produce of the undertaking (Royal Decree of 1923, section 2).

In Poland the Insurance Act (for non-manual workers) does not cover undertakings employing fewer than five workers in virtue of a contract of employment. It thus eliminates home workers and craftsmen.

In Austria insurance is not compulsory for persons working successively or simultaneously for more than one employer, or working as sub-contractors or agents, and in general workers not liable to sickness insurance, that is to say, not bound by a contract of employment. It authorises certain of them, however, to insure voluntarily and to claim benefit in the event of unemployment.

In Germany the compulsory insurance scheme excludes middlemen in the case of home work if the piece-work is not carried out by themselves as a principal order; for instance, persons who employ more than two members of their family, or at least two persons not belonging to their family. The wives of these workers form an exception if their earnings do not ordinarily exceed 12 marks a week (Order of 18 October 1930). The Act also excludes share fishermen and occupations "of minor importance", these being taken to mean occupations ordinarily involving not more than thirty hours a week, and yielding a low return.

In Switzerland, in the Cantons with compulsory insurance, home workers are usually excluded, as also commercial travellers and hawkers.

TABLE I. — SCOPE OF UNEMPLOYMENT INSURANCE OR RELIEF

Country	Nature of system: law or statutory regulations <sup>1</sup>	Limitations as regards trade or occupation	Limitations as regards earnings	Limitations as regards age
AUSTRALIA New South Wales	Unemployment relief financed by a special income tax. Prevention and Relief of Unemployment Acts, 1930-1932; Unemploy- ment Relief Tax Acts, 1930-1932. The Acts are effective until 30, June 1933.	—	—	—
Queensland	(a) Compulsory insur- ance: Unemployed Work- ers' Insurance Acts, 1922 to 1930, together with regulations and schedule alterations made thereunder.	Covers all workers of 18 years or over, in- cluding State employees whose wages are fixed by collective agreement, arbitration award or apprentice regulations. In addition to those workers whose wages are not so fixed, the following are <i>specifically excluded</i> : legal, medical and other professional workers who render professional services requiring personal skill, knowledge and atten- tion, contractors, auctioneers or agents, and aboriginal alien natives of Asia, Africa or the Pacific Islands. Apprentices are implicitly <i>excluded</i> by the statutory definition of the word "worker" which does not cover them unless the rate of their wages or other remuneration is fixed by	—	Minimum: 18 years.

South Australia	(b) Unemployment relief financed by a special income tax: Income (Unemployment Relief) Tax Acts, 1930-1932. Legislation expires 30 June 1933.	award or industrial agreement (Act of 1922, section 2 (d)).	—	—	—
Victoria	Unemployment relief: Unemployment Relief Council Act, 1930.	—	—	—	—
	Unemployment relief financed by special income and wages taxes: Unemployment Relief Acts, 1930-1932, and the Stamps (Unemployment Relief) Acts, 1930-1932.	—	—	—	—
AUSTRIA	Compulsory insurance: (a) Ordinary insurance: Act of 11 October 1922, last amended 3 August 1931.	Covers all persons engaged in occupations covered by compulsory sickness insurance. The following are <i>excluded</i> : (1) Workers in agriculture and forestry, unless they are employed exclusively or principally in sawmills; (2) Workers in domestic employment, such as domestic servants, washerwomen, dressmakers, gardeners, etc.; (3) Workers employed successively or simultaneously by more than one employer; (4) Workers employed as sub-contractors or agents;	Only necessitous unemployed persons whose ability to maintain themselves is endangered are entitled to benefit.	Unemployed persons under 17 years of age are only entitled to benefit if they have no relations responsible for maintaining them and able to do so.	

<sup>1</sup> The dates given in this column are those of the basic law or statutory regulations and of the most recent amendments.

TABLE I. — SCOPE OF UNEMPLOYMENT INSURANCE OR RELIEF (*continued*)

Country	Nature of system: law or statutory regulations <sup>1</sup>	Limitations as regards trade or occupation	Limitations as regards earnings	Limitations as regards age
<b>AUSTRIA</b> ( <i>contd.</i> )	(b) Extraordinary insurance: 18th amendment to the Unemployment Insurance Act, incorporated in the 27th amendment of 15 July 1931. Act of 3 October 1931.	<p>(5) Workers employed in purely rural communes;</p> <p>(6) Workers employed on public works in the open country, except workers regularly engaged in the building industry;</p> <p>(7) Workers employed as apprentices, voluntary workers, or on probation, until the beginning of the last year of their training;</p> <p>(8) Workers employed in the undertakings of relatives (sons, sons-in-law, nephews and grandsons);</p> <p>(9) Salaried employees in the service of the State, a province, commune, or public foundation, institution or undertaking, if they have a contract of employment not liable to termination by notice and therefore have a claim to superannuation or a pension.</p> <p><i>Covers</i> permanent workers ordinarily employed for the most part in an insured occupation who have exhausted their right to ordinary benefit.</p> <p>Workers resident in purely rural communes are <i>excluded</i>, except specially qualified or specially trained workers.</p>	Extraordinary insurance benefits are only payable to specially-needs-situous workers.	

<p><b>BELGIUM</b></p>	<p>Voluntary insurance, assisted by grants from public authorities.          Membership of the National Emergency Fund is compulsory for communes. Act of 26 December 1930.          Royal Decrees of 18 February, 15 May, and 10 September 1924, 20 April 1925, 5 May and 30 July 1926, 21 March 1927, 16 February 1928, 5 March and 3 May 1929, last amended by Royal Decree of 25 October 1930 co-ordinating earlier provisions.</p>	<p><i>Covers, generally speaking, all wage earners.</i></p>	<p>Not stated (but grants from the Emergency Fund are reserved for unemployed workers fit for work and "in a state of need").</p>	<p>Maximum: 65 years (unless the worker has worked for not less than 6 months during the previous calendar year).</p>
<p><b>BULGARIA</b></p>	<p>Compulsory insurance: Act of 1 May 1925, in force since 1 April 1926; amended by Order No. 308 of 1931.</p>	<p><i>Covers, generally speaking, all wage earners, including:</i>          (1) Workers and salaried employees in the public services, with the exception of those covered by the pension system for civil servants;          (2) Seamen;          (3) Seasonal workers as regards unemployment occurring during a period in which they are normally employed.          The following are excluded: civil servants, domestic servants, agricultural workers, with the exception of workers employed in undertakings classed as "model undertakings", who are regarded as workers in the public service.</p>	<p>Not stated.</p>	<p>Minimum:          15 years.          Maximum:          60 years.</p>

<sup>1</sup> The dates given in this column are those of the basic law or statutory regulations and of the most recent amendments.



TABLE I. — SCOPE OF UNEMPLOYMENT INSURANCE OR RELIEF (continued)

Country	Nature of system: law or statutory regulations <sup>1</sup>	Limitations as regards trade or occupation	Limitations as regards earnings	Limitations as regards age
CANADA	Relief subsidised by grants from the Federal Government. Unemployment Relief Act, 1932.	—	—	—
CZECHO-SLOVAKIA	Voluntary insurance, assisted by grants from public authorities: Act of 19 July 1921, amended by Act of 20 June 1930.	<i>Covers, generally speaking, wage earners in all occupations covered by compulsory sickness insurance, i.e. all wage earners employed in virtue of a contract of employment except where such contract guarantees not less than one year's notice of dismissal.</i>	Not stated.	Not stated.
DENMARK	(a) Voluntary insurance, assisted by grants from public authorities: Act of 1 July 1927, amended by Act of 23 June 1932 (No. 179, 1932).	<i>Covers wage earners employed in commerce and office work, industry, handicrafts, agriculture, hotel industry, transport industry, navying.</i> In order to qualify for the grant insurance funds must have a membership of not less than 100 and must not accept as members persons who are incapable of following any occupation.	Membership of insurance funds assisted by State grants is open only to wage earners without means, i.e. who do not possess a capital sum exceeding 5,000 kroner in the case of an unmarried worker and	Minimum: 18 years. Maximum for admission to membership of insurance funds: 60 years, except in cases of transfer from one fund to another.

			10,000 kroner in that of a married worker, or 8,000 and 15,000 kroner respectively where such capital consists wholly or partly of real estate.	
			Not stated.	Minimum: 15 years. Maximum: 60 years.
			<i>Covers, generally speaking, wage earners in all occupations. Insurance funds must have a membership of not less than 50.</i>	
			<i>(a) Covers, generally speaking, all wage earners. Insured persons employed for less than four days and 32 hours per week or for only one week per fortnight may, under certain conditions, receive State grants (Decree of 22 October 1932).</i>	
	(b) Extraordinary relief: Acts of 19 October 1931 and 23 June 1932, in force until 1 April 1933.			
<b>FINLAND</b>	Voluntary insurance, assisted by grants from public authorities: Order of 2 November 1917 amended 8 May 1920.			
<b>FRANCE</b>	(a) Voluntary insurance, assisted by grants from public authorities: Finance Act of 22 April 1905 (section 55) and Decree of 9 September 1905, last amended by Decrees of 7 February			

<sup>1</sup> The dates given in this column are those of the basic law or statutory regulations and of the most recent amendments.

TABLE I. — SCOPE OF UNEMPLOYMENT INSURANCE OR RELIEF (*continued.*)

Country	Nature of system: law or statutory regulations <sup>1</sup>	Limitations as regards trade or occupation	Limitations as regards earnings	Limitations as regards age
<b>FRANCE</b> ( <i>contd.</i> )	<p>1928, 21 September 1929, 11 August 1930, 10 March and 16 July 1931.</p> <p>(b) (1) Relief. State grants (National Unemployment Fund) to public funds voluntarily set up by municipalities or departments when found necessary to distribute relief to the unemployed (Prime Minister's Circular of 20 August 1914, Decrees of 24 November 1914, 9 January 1915, 19 April 1918, 25 February 1921, etc., and finally, Decree of 28 December 1926 amended by various Decrees).</p> <p>(2) In certain centres special allowances are paid by the municipalities to pay part of the rent, etc., of the unemployed.</p>	<p>(b) State grants may, generally speaking, be allowed for unemployed persons in all occupations provided:</p> <p>(1) that they were, for a sufficiently long period immediately before they became unemployed, engaged in an occupation for which they received a regular wage (not less than 6 months — Decree of 10 March 1931), and</p> <p>(2) that they have been resident in the commune for a sufficiently long time to contribute to its prosperity by their work (not less than 3 months — Decree of 10 March 1931).</p> <p>Persons who are employed for less than four days and 32 hours per week or for only one week per fortnight and unemployed dockers may, under certain conditions, receive State grants (Decrees of 3 June 1931 and 22 October 1932).</p>	<p>(b) The following are excluded: persons who are not dependent on their earnings, and persons in receipt of a workers' pension or a public old-age or disability pension, etc.</p>	<p>(b) Persons who are unemployed owing to age or incapacity are excluded.</p>

# GERMANY

Compulsory insurance.  
(a) Ordinary insurance: Act of 16 July 1927, amended on several occasions, in particular by the Act of 12 October 1929 and the Decrees of 26 July 1930, 5 June and 6 October 1931, and 14 June 1932. It has also been the subject of various Administrative Regulations.

Covers, generally speaking, all wage earners insured against sickness and all who, being liable to salaried employees' insurance, are exempt from sickness insurance only because their salaries exceed the maximum fixed for that insurance.

The following are *excepted*:

- (1) By implication, officials and employees in public services;
- (2) Persons employed in agriculture or forestry or fishing in inland or coastal waters, if at the same time they own or rent agricultural or forest land to such an extent that they and their dependants can live mainly on the produce, and if they engage in paid work for less than half the year;
- (3) Persons engaged in the above occupations who are married to, or descendants of, the owners and tenants referred to in (2) if they live in the household of the latter;
- (4) Persons employed in agriculture or forestry who are engaged under a written contract of employment for not less than one year, or under a contract for an indefinite period under which they cannot be given less than six months' notice to leave (exemption ceases in the first case six months before expiration of the contract, and in the second case the day after notice has been given);

Salaried employees earning more than 8,400 marks are exempt from compulsory insurance, but may be insured voluntarily if they so desire.

Only wage earners over school age are insured. Furthermore, persons under 21 years of age are not entitled to benefit unless their families are unable to comply with their legal obligation to support them.

\* The dates given in this column are those of the basic law or statutory regulations and of the most recent amendments.

TABLE I. — SCOPE OF UNEMPLOYMENT INSURANCE OR RELIEF (*continued*)

Country	Nature of system: law or statutory regulations <sup>1</sup>	Limitations as regards trade or occupation	Limitations as regards earnings	Limitations as regards age
<b>GERMANY</b> ( <i>contd.</i> )		<p>(5) Agricultural workers boarded and lodged in the household of the employer or his representative if they are employed in agriculture or forestry;</p> <p>(6) Share fishermen in inland or coastal waters and persons employed in large scale herring fishing carried on with luggers;</p> <p>(7) Persons employed under articles of apprenticeship (exemption ceases twelve months before expiration of the articles);</p> <p>(8) Wage earners of school age;</p> <p>(9) Persons employed in maritime navigation if their annual earnings exceed the maximum fixed for the insurance of salaried employees;</p> <p>(10) Persons engaged in "petty employment"<sup>2</sup>;</p> <p>(11) Persons engaged in relief work for the unemployed;</p> <p>(12) Middlemen, in the case of home work, if the piece work is not carried out by themselves as a principal order.<sup>3</sup> The Governing Body of the Federal Institution for Employment Exchanges and Unemployment Insurance may with the consent of the Minister of Labour exclude from insurance other categories of home workers<sup>3</sup>;</p> <p>(13) Persons in casual employment, unless the Governing Body of the Federal</p>		

<p>Institution prescribes otherwise, with the consent of the Minister of Labour <sup>1</sup> ;</p> <p>(14) Persons employed by their husband or wife, or by their descendants, or by the children of a previous marriage and adopted children.</p> <p>In case of short time, benefit is payable to all insured persons employed in an industrial undertaking which regularly employs not less than ten wage earners.</p>	<p>In case of short time (Order of 20 February 1926, last amended by the Order of 27 August 1931), benefit is only payable if the person is unemployed for 3, 4 or 5 days in the same week. The Governing Body of the local labour offices may decide that benefit shall not be paid in districts or occupations where it is not considered necessary.</p>	<p>Unemployed persons under 21 are not entitled to emergency relief.</p>
<p>Covers unemployed persons able to work who have exhausted their right to unemployment insurance benefit.</p> <p>Persons employed in agriculture and domestic servants are <i>excluded</i>.</p>	<p>(b) Emergency relief: Act of 16 July 1927 (section 101). Order of 28 September 1927, last amended by the Order of 23 October 1931.</p>	

<sup>1</sup> The dates given in this column are those of the basic law or statutory regulations and of the most recent amendments.

<sup>2</sup> In the Presidential Order of 26 July 1930 the following are defined as "occupations of minor importance": those representing not more than 30 hours of work per week or earnings no higher than 10 marks per week or 45 marks per month. Cases of short time are not covered by this provision.

<sup>3</sup> The Decree of 18 October 1930 excludes from unemployment insurance all home workers employing more than two relatives over 14 years of age or at least two persons not belonging to their family.

<sup>4</sup> The Decree of 23 October 1930 admits casual workers in ports to insurance under certain conditions.

TABLE I. — SCOPE OF UNEMPLOYMENT INSURANCE OR RELIEF (*continued*)

Country	Nature of system: law or statutory regulations <sup>1</sup>	Limitations as regards trade or occupation	Limitations as regards earnings	Limitations as regards age
<b>GREAT BRITAIN</b> <sup>2</sup>	Compulsory insurance: Act of 9 August 1920, last amended by Orders in Council of 1 and 7 October 1931.	<p>Covers, generally speaking, all persons employed under a contract of service, including apprentices and seamen.</p> <p>The following are <i>excluded</i>: workers in agriculture, horticulture, and forestry, domestic servants, civil servants, female nurses, members of the Army, Navy, and Air Force, policemen, teachers, persons in the service of railway companies and public utility companies if they have completed three years' service and the employment is permanent, commission agents employed by more than one employer, persons casually employed otherwise than for the purposes of the employer's trade or business and otherwise than for the purposes of any game or recreation when the employee is engaged or paid through a club or employed in certain part-time subsidiary employments, and share fishermen.</p> <p>In certain specified cases persons whose employment gives them superannuation rights (Act of 3 March 1924, Second Schedule).</p>	Non-manual workers whose earnings are at a rate exceeding £250 a year are excluded.	<p>Minimum: 16 years.</p> <p>Maximum: 65 years.</p> <p>When the school-leaving age is raised to at least 15 the minimum age will be the same as the school-leaving age.</p>
<b>IRISH FREE STATE</b>	Compulsory insurance: British Act of 9 August 1920, last amended 23 December 1930.	As for Great Britain.	As for Great Britain	<p>Minimum: 16 years.</p> <p>No maximum.</p> <p>Old-age pensioners are excluded.</p>

**ITALY**

<p><b>LUXEMBURG</b></p>	<p>(a) Compulsory insurance: Decree of 30 December 1923 and Regulations in pursuance thereof approved by Royal Decree of 7 December 1924.</p> <p>(b) Contributions have been collected by the trade union organisations of the Fascist Party for distribution to the unemployed.</p>	<p><i>Covers, generally speaking, all occupations.</i></p> <p>The following are <i>excluded</i>:</p> <p>(1) Agricultural workers except those employed on machines;</p> <p>(2) Workers employed by public or private establishments with guaranteed stability of employment;</p> <p>(3) Home workers;</p> <p>(4) Domestic servants;</p> <p>(5) Theatrical and cinematograph performers;</p> <p>(6) Workers and salaried employees permanently employed by the State and public services;</p> <p>(7) Workers occasionally employed and in a position of dependence on other persons;</p> <p>(8) Workers employed exclusively on seasonal work lasting less than six months.</p>	<p>Salaried employees earning more than 800 lire a month are excluded.</p> <p>..... 15 years. Maximum: 65 years.</p>
	<p>System of relief aided by grants from public authorities<sup>1</sup>: Act of 6 August 1921 and Grand Ducal Decree of same date amended by Grand Ducal Decree of 5 January 1931.</p>	<p><i>Covers, generally speaking, all wage earners.</i></p>	<p>Not stated (but benefit is paid only to unemployed workers who are capable of working and are in a state of need).</p> <p>Minimum: 16 years</p>

<sup>1</sup> The dates given in this column are those of the basic law or statutory regulations and of the most recent amendments.  
<sup>2</sup> Northern Ireland has since 1 January 1922 had its own unemployment insurance scheme: it is practically identical with the British scheme and was last amended by an Act which came into force on 13 October 1931.  
<sup>3</sup> According to an official communication, at the beginning of 1930 there were no more trade union unemployment funds left in Luxembourg and, pending the drafting of a compulsory Unemployment Insurance Act, the necessary sums for the relief of the unemployed were paid by the State.



TABLE I. — SCOPE OF UNEMPLOYMENT INSURANCE OR RELIEF (continued)

Country	Nature of system: law or statutory regulations 1	Limitations as regards trade or occupation	Limitations as regards earnings	Limitations as regards age
<b>NETHER- LANDS</b>	Voluntary insurance assisted by grants from public authorities: Decree of 2 December 1916 (known as Decree of 1917) amended by the Royal Decree of 23 December 1932.	Covers, generally speaking, wage earners in all occupations.	Not stated.	Not stated.
<b>NORWAY</b>	Voluntary insurance assisted by grants from public authorities: Act of 6 August 1915, amended 1 April 1921 and 6 July 1923.	Covers, generally speaking, all wage earners.	Not stated.	Not stated.
<b>NEW ZEALAND</b>	Unemployment Relief financed by a special levy and a special wages and income tax: Unemployment Acts 1930-1932, and regulations made thereunder.		—	—
<b>POLAND</b>	(a) Compulsory insurance for manual workers: Act of 18 July 1924 last amended by Act of 17 March 1932.	(a) Covers all wage earners employed in virtue of a contract in any of the following branches of employment: industry, mines, metallurgy, commerce, transport and communications, or in any other establishment which, although not conducted for profit, is administered on industrial lines, provided that five or more workers are employed. The Council of Ministers may	Not stated.	(a) Minimum: 16 years.

<p><b>SAAR TERRITORY</b></p>	<p>(b) Compulsory insurance for non-manual workers: Act of 28 October 1925, last amended 13 June 1930.</p> <p>(c) Unemployment Relief: Decree of 26 August 1931.</p>	<p>authorise the insurance of workers in undertakings employing less than five workers.</p> <p>The following are also covered: workers employed by the State or public authorities and seasonal workers employed for more than six months in the year.</p> <p>The following are the principal classes <i>excepted</i>: workers in agriculture and forestry, domestic servants, home workers and unskilled workers employed on the railways or in road-making.</p> <p>(b) <i>Covers</i> all non-manual workers engaged in administrative, technical, commercial or supervisory work, musicians, theatrical artists, teachers, journalists, ships captains and ships officers.</p> <p>The following are the principal classes <i>excepted</i>: civil servants and persons engaged in non-manual work as a subsidiary occupation.</p>	<p>—</p>	<p>(b) Minimum: 16 years. Maximum: 60 years.</p>
	<p>Unemployment relief: Order relating to the relief of the unemployed of 9 July 1929, and Regulations of 31 July 1931. Order of 22 April 1931 fixing the benefits.</p>	<p><i>Covers</i> all wage earners who prove that they have been engaged in an employment covered by sickness insurance or salaried employees' insurance for a period of 13 weeks during the previous 12 months.</p>	<p>Only persons in need are entitled to benefit.</p>	<p>Minimum: 16 years.</p>
<p><b>SPAIN</b></p>	<p>Voluntary insurance assisted by grants from public authorities: Decree of 25 May 1931 (Executive Regulations of 30 September 1931).</p>	<p><i>Covers</i> all wage earners except civil servants and domestic servants.</p>	<p>Wage earners whose earnings do not exceed 6,000 pesetas per year.</p>	<p>Minimum: 16 years. Maximum: 65 years.</p>

<sup>1</sup> The dates given in this column are those of the basic law or statutory regulations and of the most recent amendments.

TABLE I. — SCOPE OF UNEMPLOYMENT INSURANCE OR RELIEF (*continued*)

Country	Nature of system: law or statutory regulations <sup>1</sup>	Limitations as regards trade or occupation	Limitations as regards earnings	Limitations as regards age
<b>SWITZERLAND</b> (1) <i>Federal legislation</i>	Voluntary insurance, assisted by grants from public authorities: Federal Act of 17 October 1924.	<i>Covers</i> , generally speaking, all wage earners, national and foreign, but the Federal subsidy is granted only in respect of insured persons capable of working, regularly engaged in an occupation, domiciled in Switzerland, and belonging to funds with a membership of not less than 200.	Not stated.	Not stated, but the Federal subsidy is granted only in respect of benefit paid to persons over 16 years of age.
(2) <i>Cantonal legislation</i> <sup>2</sup> : Group 1 <sup>3</sup> : Basle-Town Glarus Neuchâtel Schaffhausen Solothurn Uri Zug Basle-Country Geneva Appenzell (Outer-Rhodes) St. Gallen Thurgau	Compulsory insurance for all the cantonal territory.	<i>Covers</i> all wage earners domiciled in the Canton for a specified period (the shortest period, three months, is fixed in the Solothurn legislation, the longest, two years, in the Geneva legislation) who have been employed for a specified period. <i>The principal exemptions</i> relate to civil servants, domestic servants, agricultural workers, home workers, hawkers and commercial travellers, apprentices, seasonal workers, and in some cantons (Neuchâtel, Solothurn, Appenzell, Outer Rhodes) foreigners who are nationals of countries with which Switzerland has no reciprocal agreement. These various categories of workers may, as a rule, insure voluntarily.	Not specified in Glarus and Thurgau. In the other cantons in this group the maximum earnings for compulsory insurance vary between 2,400 and 6,000 francs a year, or a maximum capital of 20,000 to 50,000 francs is fixed.	Minimum: between 16 and 20 years. Maximum: between 60 and 65 years.

Group 2: Fribourg Valais Vaud Zurich Lucerne Ticino Berne	Voluntary insurance, which under the law may be made compulsory by the communes for the whole of their territory or for certain occupations only (e.g. general compulsory insurance for the territory of the commune in Zurich, compulsory insurance for building workers only in the town of Fribourg).	If the communes do not make use of their powers to establish compulsory insurance, the insurance institutions are private funds (joint or trade union) which are free to fix the nature of their membership. Where a commune has made insurance compulsory, a public fund has to be set up and the persons exempt from the liability to insure are much the same as those defined in the compulsory insurance laws summarised above. <i>It should be noted, however, that the Valais legislation provides that if a commune introduces compulsory insurance in its territory, this insurance must also cover agriculture.</i>	When insurance is voluntary, no specified maximum. Where it is compulsory for the territory of a commune, the law exempts from the obligation to insure all persons whose income or capital exceeds a certain sum, usually comprised within the limits fixed by the compulsory insurance laws of the cantons summarised above.	Vary from one fund to another, but certain cantonal laws in this group provide that when insurance is compulsory for the territory of a commune, the public fund must admit to insurance persons within certain age limits (as a rule, 16 to 60 years or 18 to 65 years).
Group 3: Appenzell (Inner-Rhodes) Aargau Grisons Schwyz	Voluntary insurance only <sup>4</sup> .	Limitations vary from one fund to another.	Vary from one fund to another.	Vary from one fund to another.

<sup>1</sup> The dates given in this column are those of the basic law or statutory regulations and of the most recent amendments.

<sup>2</sup> The table shows only the scope of insurance fixed by the cantonal laws and regulations for the public funds that exist in all the cantons where insurance is compulsory. Private funds organised by trade unions or jointly by trade unions and employers are free to determine their activity as they desire.

<sup>3</sup> The cantons in each group are given in the order of date of their legislation.

<sup>4</sup> Communes in the cantons of this group are lawfully entitled to introduce compulsory insurance in their territory unless this is contrary to the constitution of the canton.

TABLE I. — SCOPE OF UNEMPLOYMENT INSURANCE OR RELIEF (*concluded*)

Country	Nature of system: law or statutory regulations	Limitations as regards trade or occupation	Limitations as regards earnings	Limitations as regards age
UNITED STATES OF AMERICA  Wisconsin	Compulsory insurance to come into force on 1 July 1933 if by 1 June 1933 the employers of not less than 175,000 workers have not voluntarily established plans which comply with the standards prescribed in section 108.15 of the Act (Act of 28 January 1932).	<p>To cover the staff of employers who for four months or more within the preceding calendar year employed within the State of Wisconsin ten or more persons in the employments subject to the Act.</p> <p>Such employments include any employment under contract of hire, with the following exceptions:</p> <ol style="list-style-type: none"> <li>(1) farm labourers and loggers;</li> <li>(2) domestic servants;</li> <li>(3) persons employed on a governmental unemployment relief project;</li> <li>(4) public officers;</li> <li>(5) teachers and professors;</li> <li>(6) workers on railroads engaged in interstate transportation;</li> <li>(7) persons unable or unwilling to work more than half the normal full-time.</li> </ol>	—	—
YUGOSLAVIA	<p>(a) Unemployment relief: Legislative Decree of 26 November 1927 amended by Order of 17 June 1932.</p> <p>(b) Voluntary insurance: Regulations issued by the Ministry of Forests and Mines, 16 January 1932.</p>	<p>Covers, generally speaking, all wage earners.</p> <p>Covers miners and metal workers.</p>	—	<p>Minimum: 16 years.</p> <p>Minimum: 20 years.</p>

## CHAPTER III

### BENEFIT CONDITIONS

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The next question to be considered is the precise nature of the conditions on which benefit is paid. How is a claimant for benefit to prove that he is involuntarily unemployed? A claimant for sickness insurance has to present a doctor's certificate and a claimant for an old-age pension a birth certificate; the proof of sickness and old age respectively is comparatively easy in those cases. It is manifestly a less simple matter to find an objective test for unemployment. There is room for abuse unless great care is taken, and abuses are bad both for the individuals concerned and for the scheme as a whole. They are bad for the individual because ability to obtain regular payments without fulfilling certain essential conditions has a morally deteriorating effect on him. If a man tries to obtain benefit fraudulently, the matter is simple, and there are adequate means of detecting such abuse and of inflicting punishment. What is more difficult is to frame such conditions that persons who are not really in the industrial field at all, or who are unemployable, although nominally forming part of the insurance classes, will not be entitled to unemployment benefit. The only way in which involuntary unemployment can be tested is by imposing a certain number of conditions which have to be fulfilled and by prescribing certain disqualifications.

The conditions not only vary from country to country, but they even change a good deal from time to time in particular countries; sometimes the changes have been in the direction of a relaxation of conditions, generally due to the prevalence of a large number of unemployed who would otherwise be excluded from benefit and who would perforce have to depend on the Poor Law or charitable relief; sometimes they have been in the direction of a tightening of conditions in order to reduce the general expenditure of the insurance or relief fund. Reference has already been made in

Chapter I to one condition, namely, that a claimant must be capable of and available for work. The other main conditions may be summarised as: (1) the payment of a minimum number of contributions or employment for a minimum length of time during a prescribed period; (2) attendance at an employment exchange or some other place for the purpose of supervision; and (3) inability to obtain suitable employment. In addition, the period during which benefit is paid is generally limited, and a ratio of benefit to contributions is sometimes inserted, as was done in the British Act of 1920, which stated that not more than one week's benefit could be claimed for every six contributions paid. Finally, in certain cases it is made a condition for the receipt of benefit that the claimant should attend a course of instruction, or should do work of some kind.

It does not, however, follow that all unemployed persons who are able to comply with the above conditions receive benefit. There are certain disqualifications which have to be considered. The most usual disqualifications are those due to: (1) unemployment as a result of misconduct or of leaving a situation voluntarily; (2) receipt of a dismissal allowance; and (3) unemployment in consequence of a trade dispute.

Benefit is, however, not paid for the first few days of unemployment. There is almost always a waiting period during which the claimant receives no payment.

The unemployed are not necessarily all treated according to the same rules. There are a certain number of special cases, for which the conditions and disqualifications are sometimes different from those normally laid down, such as married workers, seasonal workers, those temporarily stopped and on short time and casual workers.

Unfortunately, the existence of prolonged unemployment or of particularly severe unemployment during certain periods has shown that insurance schemes based on the above conditions and disqualifications were inadequate, and that by a strict adherence to the rules laid down many unemployed persons exhausted their rights to benefit and had to have recourse to the Poor Law or some similar institution. As this involves a stigma, and in some cases legal disqualifications, which it is the object of insurance schemes to avoid inflicting on the unemployed, such a solution proved unacceptable, and emergency schemes were grafted on to the original scheme. In Great Britain, for instance, the Government felt obliged as early as 1921 to grant discretionary benefits to those who

had exhausted their rights to what was at that time called covenanted benefit. The extension ultimately became so merged in the original scheme, the discretionary feature being abolished, that with the exception of the contribution qualification almost the same conditions applied to the grant of covenanted and of extended (or, as it was ultimately called, transitional) benefit. Since October 1931 different conditions have again been imposed, and a distinction is drawn between insurance *benefit* and transitional *payments*, the latter of which are only paid in cases of need. Elsewhere, as in Germany, for instance, a fairly clear distinction has always been maintained between ordinary benefit and emergency benefit, and the development of unemployment during the world economic crisis has led every country which has an insurance scheme to make special provision for those who have exhausted their right to benefit under the ordinary conditions.

#### § 1. — Qualifying Period

A qualifying period may be imposed in two ways: (1) the payment of a specified number of contributions to the Fund, (2) employment for a specified period in an occupation covered by the scheme. To some extent these two qualifications are imposed for the same reason; they ensure that an unemployed person claiming benefit is really employed more or less permanently in an occupation subject to insurance or relief as the case may be. In compulsory State schemes the payment of a specified number of contributions usually provides the necessary test for this purpose, because contributions can only be paid in respect of periods of actual employment. In voluntary insurance schemes contributions may be paid in respect of a worker who is not at the moment in employment covered by the scheme, and consequently a subsidiary test has to be imposed consisting of proof that the claimant has been engaged for a specified number of weeks in an employment covered by the scheme. The same thing applies in the case of non-contributory schemes.

The payment of a certain number of contributions, or employment for a certain length of time, in a given period is generally considered to be one of the most important conditions for the receipt of benefit in a compulsory insurance scheme. It is frequently associated with the idea of limiting benefit to a certain period in each year, and with the even stricter condition of limiting



total benefit to some proportion of the contributions paid, such as the rule laid down in the British Act of 1920 and still in force in the Irish Free State that no claimant can draw more than one week's benefit for every six contributions. These two conditions, together with the qualifying period, form an arithmetical test which safeguards the fund from bankruptcy and at the same time undoubtedly exercises an influence on insured persons to make as few claims as possible in order not to find themselves unemployed without being entitled to benefit. But experience has shown that such a test has considerable disadvantages. It is liable to exclude a considerable number of claimants who are quite genuinely unemployed and who are, in spite of all efforts, quite unable to find employment however much they try; this is the very opposite of what an insurance scheme sets out to achieve. It has to be remembered that the unemployment situation of the last thirteen years has been in many countries a very difficult one, and it could hardly be expected that a system originally elaborated in view of the much easier problem of the years immediately preceding the war should withstand the totally different circumstances of the present day. Modifications must, therefore, be expected.

The qualifying period is inserted for two main reasons. The first is that payment of a certain minimum number of contributions is proof that the claimant has in fact been employed in insurable employment for a certain period, and may therefore be considered to be within the insured field. It excludes an unemployed person who, while stating that he belongs to one of the categories covered by the scheme, has in fact not worked in an insured employment except to so slight an extent that he should really be considered as belonging to a non-insurable employment, or else as an unemployed or as a loafer. In some countries, such as Austria, Denmark, Germany, Poland, Switzerland and Wisconsin, the qualifying period is not based on the number of contributions paid but on the length of time the claimant has been in employment.

The second main reason for the qualifying period is a financial one. This reason is mainly of importance in connection with voluntary insurance, for if there were no qualifying period under such a system there would be a great danger of the insurance funds being overwhelmed by new members at the very moment when unemployment is increasing, and these new members would be entitled to benefit before they had paid any contributions, that is to say at the expense of other contributors who had been members of the fund for a longer period. It is essential that the funds

should have a chance of building up some kind of reserve fund from which benefits can be paid, and if new members come in they must in fairness be expected to contribute to that fund before benefits become payable to them.

It is, however, not only in voluntary insurance systems that this argument holds good. In compulsory systems based on a national fund the finances would also be liable to disorganisation if no qualifying period were insisted upon. Contributors come into the fund from the moment they engage in insurable employment. If they were entitled to draw benefits immediately they would do so at the expense of those who had been contributing. While of course it is the essence of an insurance scheme that some beneficiaries should benefit at the expense of others who are clever enough or lucky enough to have regular employment, it is clearly unfair that benefits should be paid to those who have contributed nothing at all.

But there is a still stronger argument than that from the financial point of view. In a compulsory scheme there are bound to be a certain number of bad risks. It is essential from the point of view of financial stability that these bad risks be kept down as much as possible, and the qualifying period enables a fund to do this. It has already been said that the unemployable and the loafer should be excluded. This is quite as important from the financial point of view as from any other point of view.

An incidental advantage of the qualifying period is that it automatically excludes from benefit juveniles who enter the fund at the minimum age until the period in question has expired. From a moral point of view, it may be bad for juveniles to be entitled to benefit until they have at any rate done some work, unless they be required at the same time to attend vocational training courses. As a matter of fact there is sometimes a gap between the minimum age of employment and the minimum age of insurance, but that has disadvantages which possibly outweigh the advantages. In Great Britain at any rate the principle has been accepted that this gap shall disappear as soon as the school-leaving age is raised to fifteen. When that is done the qualifying period will remain as a guarantee against juveniles drawing benefit as soon as they enter the insurance field.

The imposition of a qualifying period which has to be complied with within a definite period may, however, create hardship in certain cases as, for instance, in that of a worker who, during the period in question, has been incapacitated for work as a result of

illness or accident or who is peculiarly liable to such periods of incapacity as a result of disablement due to the war.

Experience has shown another disadvantage of the system, namely, that it tends to discourage unemployed persons from engaging in non-insurable occupations such as agriculture or domestic service. Such persons may justifiably fear that when their period of service in such an occupation terminates and they are once more unemployed, they will be unable to comply with the qualifying condition. This is a point of considerable importance because the mobility of labour between different occupations is thus interfered with, and that is very undesirable.

As will be seen below, all these cases have been dealt with in certain laws by way of exceptions to the general rule.

It is not suggested, of course, that the qualifying period can achieve all the results desired by itself. It must be supported by other tests which are dealt with below. As to the actual period to be chosen, this is very largely a matter of practical expediency based on actual experience of the working of the fund and, as will be seen, it varies greatly from country to country.

#### COMPULSORY INSURANCE

In *Austria* the qualifying period is normally twenty weeks of insurable employment in the previous twelve months. In certain specified cases twenty-six weeks in the previous twenty-four months suffice, but in that case benefit is payable for not more than twelve weeks. Workers who are not engaged in an insurable employment habitually and as their principal occupation, and who make a claim for the first time, must prove that they have been engaged for fifty weeks in insurable employment in the previous twenty-four months. If the claimant has been engaged in non-insurable employment in agriculture or forestry, domestic service, or public works in country districts the period of twelve or twenty-four months may be proportionately increased up to a prescribed maximum. The same applies to a period spent abroad as a wage earner or salaried employee. If, before engaging in insurable employment, the claimant was engaged wholly or mainly in agriculture, he must have paid contributions for forty weeks during the previous twelve months.

In *Bulgaria*, contributions must have been paid for not less than fifty-two weeks during a period of two years.

In *Germany*, for a first claim, the unemployed person must have been during the previous two years in an employment liable to insurance for at least fifty-two weeks. For subsequent claims he must have been during the previous twelve months in such an employment for at least twenty-six weeks. In certain specified cases these periods are reduced to fifty-two weeks in a period of three years and twenty-six weeks in a period of three years respectively. Employment in non-insurable employment in agriculture and forestry may sometimes be counted in the qualifying period. On the other hand, working days during which the employed person has no work owing to temporary incapacity for work, although the insurable employment continues, are not reckoned towards the acquisition of the qualification.

In *Great Britain*, not less than thirty contributions must have been paid in respect of a claimant during the two previous years. If during those two

years he has been incapacitated for work by reason of illness or has been employed in uninsurable employment, the period of two years may be proportionately increased, provided the total period does not exceed four years. No contributions paid in respect of any period during which the claimant was not *bona-fide* employed are taken into account in calculating the thirty contributions. The thirty-contributions rule is reviewed in respect of each claimant every three months. In the case of an ex-service man or woman, the condition is regarded as fulfilled if he or she has been at any time during the two previous years in receipt of a pension in respect of a disability contracted during the late war, and if he or she proves that the non-fulfilment of the thirty-contributions rule is due to that disability and that not less than ten contributions have been paid during the period of two years. An unemployed person who has drawn benefit for 156 days in a year, and who consequently loses his right to standard benefit during that year, does not again become entitled to such benefit until ten further contributions have been paid in respect of him.

With regard to a claimant who has exhausted his right to standard benefit and is claiming transitional payments, eight or more contributions must have been paid in respect of him during the previous two years, or thirty contributions at any time. Disabled ex-service men are excused from this condition if their failure to obtain the necessary number of contributions is due to their disability; they must show, however, that they are insured contributors, that is to say that at least one contribution has been paid.

In the *Irish Free State*, a claimant for benefit must prove that not less than twelve contributions have been paid in respect of him as an insured contributor. No definite period during which the twelve contributions have to be paid is laid down because, as will be seen in the next chapter, benefit is limited not only to a certain period in the year, but to a certain ratio to the number of contributions paid.

In *Italy*, twenty-four fortnightly contributions must have been paid during the preceding two years, and the claimant is then entitled to ninety days' benefit. Thirty-six fortnightly contributions entitle a claimant to 120 days' benefit.

In *Poland*, a claimant for benefit must have been employed in an occupation covered by the Act for not less than twenty-six weeks during the preceding twelve months. The Minister of Labour and Social Welfare may reduce this period if the situation of the labour market is unfavourable. Time spent in military service other than active service, and also periods of sickness, are considered an interruption by which the period mentioned may be extended.

In *Queensland*, a claimant for benefit must have contributed to the fund for six months, but the Unemployment Council may make rules whereby a contributor who has contributed for less than six months may receive sustenance allowance of a proportionately reduced amount.

In *Wisconsin*, benefits are payable after the expiry of one year from the date of initial contribution of the employer concerned to the Unemployment Reserve Fund. Moreover, a claimant must either have resided in Wisconsin for the two previous years or have had gainful employment in that State for forty weeks during the preceding two years. There is a further condition necessitated by the fact that each employer has his own fund. It is to the effect that no liability for the payment of benefits shall accrue unless the employee has been employed for more than two weeks by the particular employer within the preceding year or, in the case of an employee on a fixed monthly salary, unless he has been employed more than one month by a particular employer within the preceding year.

#### VOLUNTARY INSURANCE

In *Belgium*, claimants must have been members of an unemployment society for at least a year and have paid their contributions regularly during that time, but towards the end of 1930 the Government temporarily reduced the qualifying period to six months during the period of crisis. No new qualifying period is necessary if the insured person changes his society. Insured

persons who pay no contributions for thirteen weeks are excluded from benefit unless this is due to incapacity for work.

In *Czechoslovakia*, claimants must have been members of their organisation for three months, and membership in another organisation may be included in this period by the trade organisation concerned. Failure to pay contributions for a period not exceeding six weeks owing to illness is not a ground for the forfeiture of the right to unemployment benefit.

In *Denmark*, claimants must have been employed for at least ten months during the preceding two years. The Minister of the Interior may authorise temporary suspension of this provision in the event of exceptional unemployment prevailing in the trade concerned and having so prevailed for at least twelve months in the last two years. Moreover, a claimant must have been a member of a fund for at least twelve months immediately preceding the date on which benefit is first paid, and must have paid the contribution due for that period. On the other hand, an apprentice who, on the expiration of his apprenticeship, has been admitted to the fund, may be authorised to receive reduced benefit after a shorter period (not less than one month) provided that he is at least eighteen years of age when the benefit becomes due. Persons called up for military service are entitled to receive benefit after the completion of their service if they have been members of a fund for twelve months and have paid contributions for three months. The maximum number of days' benefit shall not be paid to an unemployed person during more than a certain number of years fixed by the fund, with a maximum of four, until he has been a member for a further period of twelve consecutive months and has paid the contributions due during that period and has been employed for not less than twenty-six weeks during that period.

In *Switzerland*, a claimant must have belonged to a fund and paid insurance contributions for at least 180 days. Moreover, he must have worked for at least 150 days in the course of the previous year.

In *Finland*, *France* (insurance funds), *Norway* and *Spain* the qualifying period is six months, and in the *Netherlands* the matter is left to the funds to decide.

In *France*, short-time workers who claim benefit from the special funds must show that they have been engaged for at least four weeks in the undertaking which employs them.

## RELIEF SYSTEMS

In the relief funds in *France*, there is a qualifying period of residence of not less than six months for those unemployed persons who have exercised an occupation for regular wages for a long period immediately before becoming unemployed, and of three months for those who have resided long enough in the district to have contributed by their labour to its prosperity. The same applies to short-time workers. In the case of soldiers returning from military service to the locality where they previously resided, the period of residence prior to departure on service, and also the length of time during this period for which they worked for wages, must be taken into account. If they return to some other locality, and make an immediate application for benefit, the application must be refused.

In *Luxemburg* a claimant must have been domiciled in the Grand Duchy and have worked there for 200 days in the preceding twelve months.

## § 2. — Attendance at an Employment Exchange or Elsewhere for the Purpose of Supervision

### PROOF OF WILLINGNESS TO WORK

It does not follow that because a claimant is able to work and available for work, and has complied with the qualifying condition,

he is therefore entitled to benefit. He must next be able to show that he is willing to work but unable to obtain suitable employment. This is necessarily one of the most important conditions imposed, and it has given rise to a great deal of controversy, especially in Great Britain. The original condition in that country under the Act of 1920 was that claimants must prove that they were "unable to obtain suitable employment". That was considered satisfactory until 1924, when a further condition was added that the claimant must be "genuinely seeking work". This was obviously very difficult to determine. It was hardly made easier by a decision of the umpire that "in considering whether a person is genuinely seeking work the most important fact to be ascertained is the state of the applicant's mind". The disallowances imposed under this condition were the object of unceasing criticism and it was suggested by an official committee<sup>1</sup> that a statutory definition of the phrase "genuinely seeking work" should be laid down, but this proved impracticable. Ultimately the Act of 1930 repealed this provision and replaced it by another according to which a claimant could be disqualified for benefit if he refused or failed to apply for a suitable situation or to accept it if offered, or if he failed to carry out written directions by an officer of an employment exchange with a view to assisting him to find suitable employment.

Leaving aside for the moment the question of what is meant by "suitable" employment, ability to obtain work can be tested in only one way, namely, by making an offer of employment to the applicant. That is the view of the Judgment Commission at the Federal Insurance Office in Germany, which has ruled that indirect evidence of unwillingness cannot be taken into account. It is therefore necessary to have adequate placing machinery. It is not a coincidence that practically the only bodies which have undertaken unemployment insurance voluntarily are trade unions; there is a very good reason for this, namely, that they are particularly well informed on the state of the labour market in their particular trades and are therefore in a position to determine easily whether a member is willing to work or not.

It follows, then, that an unemployment insurance or relief scheme must be closely bound up with adequate placing machinery, and such machinery is now in operation in a large number of countries in the shape of public employment exchanges. The more efficient these exchanges are, that is to say, the more effective the organisation of the national labour market is, the easier it is to test the

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<sup>1</sup> The Blanesburgh Committee of 1927.

willingness of an unemployed person to accept employment. It is sometimes said (in Great Britain, for instance) that until employers make fuller use of the exchanges the test cannot be fully applied, and that is probably the reason which has led the authorities in Great Britain to try to find some means of strengthening this condition<sup>1</sup>.

Even in present circumstances, however, it can hardly be maintained that there are vacant posts which are not being filled at all, and which could be filled if unemployed workers would look more actively for work. If that were the case at a time of widespread unemployment, it would be evidence of a serious flaw in the organisation of the labour market, and in particular in the organisation of the employment exchanges.

The real difficulty lies elsewhere. The condition of an offer of suitable employment is imposed, as already stated, in order to test willingness to work and to exclude those who are either under no necessity to work regularly or who prefer drawing an income from an insurance or relief fund to doing work. It is not suggested in any quarter that the number of such persons is large, but the psychological effect of abuses of this kind is considerable, and it is very important that steps should be taken to prevent their occurring. If such persons are offered employment and they refuse it, they are of course disqualified. But if there is no employment to offer the test cannot be applied, and it is precisely among the less active members of the community that such a situation may arise. When vacancies are notified to an employment exchange, the latter must as a rule send the most efficient and suitable persons on its lists, who may conceivably not be unemployed at all. If they sent applicants to employers simply because they had been unemployed for a certain length of time, they would be likely to lose the confidence of employers. This condition cannot therefore be relied upon by itself to eliminate bad risks, but it is an essential feature of an unemployment insurance or relief scheme, which enables the administrative authorities of the fund to test willingness to work in the great majority of cases.

Registration at an employment exchange and attendance so many times a week is therefore required in practically all cases. In some countries, such as Bulgaria and Poland, some other local authority may be substituted for the employment exchange in districts where no exchange exists. In others, such as

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<sup>1</sup> For further information on the question of placing, see below, p. 123.

Czechoslovakia and Great Britain, registration may be made in certain specified cases at the offices of an association of employed persons, generally a trade union, and finally, in Czechoslovakia and Switzerland, applicants may register at special trade employment agencies.

In *Austria* a claimant must attend at least twice a week at the unemployment office. The District Industrial Commissions decide, in agreement with the principles laid down by the Federal Minister of Social Administration, how often claimants have to attend, and what other formalities have to be complied with. A claimant who fails to attend without valid reason forfeits his benefit for two weeks.

In *Belgium* it is provided by a Ministerial Circular of 1 December 1921 that every unemployed person claiming benefit must register at the nearest employment exchange and benefit may be refused to any unemployed person who does not do so.

In *Bulgaria* a claimant must report once a day at the employment exchange or to the communal administrative authority as the case may be.

In *Czechoslovakia* an unemployed person must apply for work at the public employment exchange or to a recognised trade exchange, and must register at least three times a week unless for sufficient reasons this is impossible.

In *France* (insurance funds) applicants must sign a register at least three times a week at the office of the fund, or at some other place designated by it for the purpose; other arrangements may be made provided they offer equivalent guarantees. In the case of relief funds applicants must visit the exchange at regular intervals. An unemployed person who is summoned to appear before the supervisory committee of the fund and who fails to do so, forfeits his right to benefit, unless he has a satisfactory reason for non-appearance. In practice different rules are applied to different occupations, and in particular certain persons called in to do temporary work may have to attend every day.

The Decree of 22 October 1932 provides that short-time workers must report at the office of their fund each day for which they can claim benefit. Generally speaking, any unemployed person who fails to report when called upon to do so by his fund or the local employment exchange is disqualified for the receipt of benefit.

In *Germany* every person who receives unemployment benefit must register regularly at the employment office for the purpose of procuring employment. The Committee of Management of the State Employment Office decides how often an unemployed person must register and for what period the registrations shall be valid. It should prescribe at least three registrations a week and should not authorise exceptions unless the purpose of registration would not be prejudiced thereby.

In *Great Britain* a claimant is disqualified for not more than six weeks if without good cause he refuses or fails to apply for or accept suitable employment which has been notified to him, or to carry out reasonable written directions given to him, by the employment exchange with a view to assisting him to find suitable employment. If a claimant lives not more than two miles away from an exchange he must attend every working day; if more than two but not more than four, on alternate days; if more than four miles he may be directed to attend at longer intervals or to furnish such other evidence of being unemployed as may be required. In certain cases unemployment may be proved by filling up a form and posting it. Owing to the exceptional unemployment the Minister has in many cases reduced the number of attendance days in each week, notably in large industrial centres. If an unemployed person claims benefit through an association of employed persons he may either attend at the employment exchange or sign a vacancy book kept at the offices of the association.



In the *Irish Free State* a claimant must attend regularly at the employment exchange. The rules concerning the number of times a week that registration is required are similar to those of Great Britain.

In *Italy* a claimant must attend daily at a local office designated by the National Social Insurance Fund, otherwise he forfeits his benefit.

In *Luxemburg* a claimant must attend at least once a day at a local office in the commune in which he resides in order to have his card stamped. The communal authority may decide that claimants must attend several times a day, if they consider it necessary.

In *Poland* an unemployed worker must attend regularly at a public employment exchange, or, if there is no exchange in his district, at the offices of the communal authority or some approved organisation, otherwise he forfeits his benefit for ten days. By an Order of 13 June 1930, non-manual workers must register at an employment exchange, or, if none exists, at the office of the local sickness fund.

In *Queensland* an unemployed worker must attend at the State Labour Exchange at such times as are prescribed by the regulations.

In *Switzerland* an unemployed person must register at the public employment exchange, but subject to the approval of the Federal Labour Office a joint trade employment exchange may for particular trades take the place of the public employment exchange. In practice this is the case with members of certain highly organised occupations such as commercial employees and hotel employees. Attendance is normally required every day unless the insured person lives too far away or has little chance at the moment of finding employment.

Lastly, in *Wisconsin* a worker is ineligible for benefit if he has failed to apply for suitable employment when notified by the district employment office.

## METHODS OF CLAIMING BENEFIT

When a worker becomes unemployed he must as a rule, if insured in a compulsory insurance scheme, apply to the nearest employment exchange, which can determine whether employment is available for him, and if not can certify his unemployment. If a worker is insured in a voluntary scheme he must generally apply in the first place to the fund in which he is insured, though he may have to register at the employment exchange as well in order to apply for work.

It is sometimes laid down that application for benefit must be made in writing, though more often the applicant must apply in person and hand to the employment exchange or the fund, or whatever other body may be specified, particulars of his employment record, etc. There may also be a limit of time within which the application must be made.

In some countries the applicant must present a certificate which the employer is bound to furnish showing the nature of the employment in which the applicant has been engaged, the length of the engagement, the wages paid, and other information of a similar character, certifying in particular that the applicant has

been discharged from the establishment in question and stating the reasons for the discharge. It is sometimes specially laid down that the particulars on this certificate must be confined to a statement of facts and must not express any opinion as to whether the unemployed person is or is not responsible for his unemployment for the purposes of the unemployment insurance law. In Great Britain and the Irish Free State the system of an employer's certificate does not exist. In those countries each insured person has an unemployment book in which the employer places a stamp each week as evidence that he has paid the statutory contributions on his own and the insured person's behalf. When an insured person becomes unemployed and applies to an employment exchange he must "lodge" his unemployment book and give all the particulars required concerning himself and his previous employment. The truth of these particulars is checked by the employer at the request of the employment exchange. In Belgium there is also a system of cards which are given to insured persons each month.

The actual payment of benefits is made by the employment exchanges in most countries with a compulsory State scheme, though in Italy other bodies do this. In countries with a voluntary scheme payment is made by the fund of which the insured person is a member<sup>1</sup>.

In *Austria* a claimant must present himself at the proper unemployment office and show a certificate from his employer certifying the wages paid, the length and nature of his contract of service, and the way in which the contract was terminated.

In *Belgium* the unemployment funds deliver to each unemployed person a supervision card valid for one month. Once a day at least he must attend at the office of the fund with his card. In exceptional cases the duty of supervision may be left to the unemployment societies. Generally speaking the funds take any measures necessary for guaranteeing that everything is being done in regular order. In particular they decide whether employment that is offered to an unemployed person is suitable or not.

In *Bulgaria* an unemployed person must apply for benefit in writing within eight days of the beginning of his unemployment.

In *Denmark* every recognised unemployment fund must as soon as a member reports that he is unemployed notify the employment exchange of the fact, stating the number, name, address, last place of employment, earnings, etc., of the said member. If an agreement is made between a public employment exchange and a local branch of a recognised unemployment fund with the consent of the unemployment fund concerned providing that unemployed members shall apply in person to the exchange in search of employment before benefit is paid, the notification referred to above need not be made.

In *France* (relief funds) applicants for relief must as a rule produce a certificate showing that they have been dependent upon their work for their livelihood and also a certificate of dismissal from their last employment. The certificate must not contain any information other than the dates of engagement and of discharge, and the kind of work accomplished by the

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<sup>1</sup> Cf. Chapter VI, § 3.

claimant. The detailed application of the rule concerning the presentation of a certificate varies, and a certain discretion is allowed to the competent authorities in determining the precise situation of the claimant.

The Decree of 22 October 1922 provides that short-time workers must present a certificate from the employer stating that he usually employs the claimant every day in the week, but that he is no longer able to employ him on certain days specified in the certificate owing to lack of work. The employer is liable to a fine or to penal sanctions if the certificate is not correct.

In *Germany* claims must be made in person to the employment office in the district in which the place of residence is situated. The claimant must furnish evidence of the fact that he has qualified for benefit and the manner in which he has done so, and in particular he must state in what employment he has been engaged, how long he has been employed there since the beginning of his qualifying period, the amount of his remuneration during the last six months, the reason for which his last employment was terminated, and any particulars of his family circumstances a knowledge of which is necessary for the assessment of benefit. Any person who has been the employer of an insured person must issue to him on request, on the termination of employment, a certificate of the nature, beginning and ending of the employment, and the reason for its termination, and likewise an account of the earnings and of any sum granted as commutation or compensation on the occasion of the employee's leaving.

In *Great Britain* benefit can be claimed from an employment exchange or from an association which has made an arrangement under section 17 of the 1920 Act. The claimant must in general attend in person and he must furnish particulars of age, qualifications, and previous experience. He must lodge his unemployment book at the local office of the Ministry of Labour and he receives a receipt in exchange for it. A form is then sent to his last employer to confirm the particulars furnished and to ascertain whether any payment has been made in addition to the wages earned up to the date of termination of employment. A claimant who wishes to go to another district in search of employment may apply for a special card known as a vacant ticket. Any association of employed persons, which provides in its rules for the payment of benefit to members during unemployment and which complies with certain conditions, may make an arrangement under which the association pays to its members out of its own fund the State unemployment benefit and claims a refund from the unemployment fund. The associations in question may include trade unions or approved societies under the Health Insurance Act, but not profit-making companies of any kind. A member of an association may make a direct claim to the local office of the Ministry like an ordinary claimant, or he may make an indirect claim through his association, in which case he must attend on the first day of his unemployment at the local office and lodge his unemployment book. He may be required to produce the membership or contribution card of his association. The local office notifies the branch of the names of the members who have claimed benefit.

In the *Irish Free State* the procedure is the same as that in Great Britain.

In *Italy* application has to be made to a local body designated by the National Social Insurance Fund and the claimant must present a certificate of discharge from his employer containing particulars of the name, etc., the wages earned, any discharge bonus paid, motive of discharge, and so on, and must furnish proof of contributions paid. This paper is sent to the provincial or inter-provincial insurance fund for confirmation. This fund determines whether the applicant has complied with the conditions laid down.

In *Luxemburg* application must be made to the secretariat of the commune in which the claimant resides, he must furnish proof of destitution and hand over, among other things, a certificate from his last employer indicating the date of ceasing work and the reasons for ceasing work.

In *Poland* claimants must notify the public employment exchange or a branch thereof and must submit a certificate attesting the termination of

employment. The establishment where the claimant has been employed must at his request issue a certificate within twenty-four hours stating the duration of employment, the date of leaving, and the amount of wages received.

Applications from non-manual workers must be submitted to the Insurance Institute for Non-Manual Workers and must be accompanied by the insurance card and a statement certifying that the person concerned is seeking employment, and a certificate from the last employer declaring that he has ceased to work for him.

In *Switzerland* the cause of unemployment is determined by a certificate from the last employer giving the reason for the unemployment; this should merely certify facts and give no opinion as to whether the person is or is not responsible for his unemployment. This question is decided by the different funds on the basis of the certificate.

### § 3. — Definition of Suitable Employment

It is stated above that an unemployed person is not obliged to accept any employment available but only any suitable employment<sup>1</sup>. Either explicitly or implicitly this idea is to be found in all unemployment insurance laws. It is necessary, therefore, to consider what is suitable employment and what is not. As a rule a positive definition of this term is contained in the laws or regulations, though in some countries no such definition is given and certain kinds of employment are specified as unsuitable, refusal of which is not a disqualification for benefit. This latter method has the advantage that the kinds of employment specified are obviously not considered to be exhaustive and that some discretion is left in the hands of the administrative authorities in the application of the rule. The distinction is, however, more apparent than real because even under the former system discretion has to be left to the authorities in a great many cases.

#### EMPLOYMENT IN A DIFFERENT OCCUPATION

This point raises an important question of principle. Should a claimant be obliged to work in an occupation other than his own as a condition of receiving benefit if no employment is available in his own trade? A number of laws relating both to compulsory and to voluntary insurance answer "No" to this question.

The matter, however, merits careful consideration. There is no doubt that anything which interferes with the mobility of labour

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<sup>1</sup> Payment of certain emergency benefits is made subject to the condition that the claimant must accept any employment, if offered to him.

from trade to trade is harmful. In a progressive society certain trades are bound to decline and others to expand and it is clearly desirable that labour should be able and should be encouraged to flow from the declining to the expanding trades. From this point of view alone it is undesirable to encourage unemployed persons to remain out of work until they can find employment in their own trades. The case is even stronger when, as in Great Britain since the war, there are certain particularly depressed industries which may never be able to offer employment again to some of those who have been employed in them in the past.

In the second place a public insurance fund to which employers and the general community contribute can hardly be expected to pay benefits indefinitely to an unemployed person at a time when employment may be available for him in another occupation. A rule of that kind would be an unreasonable charge on the fund and would not be fair either to the other contributors or to the other members of the fund. This aspect of the question is rather less acute if there are strict limits placed on the period of benefit and still less if there is a ratio of benefits to contributions but even then the above arguments hold good to a large extent.

On the other hand, the majority of unemployed persons are out of work for comparatively short periods and they apply for benefit in order to tide themselves over a difficult time which may last only a few days or weeks or at the most a few months. It is in the interest of the industries concerned and of the community as a whole, as well as of the insured persons themselves, that they should be retained in their own trades and should do nothing likely to prevent their early return to those trades. It is better that they should do nothing for a short time and should draw benefit during that period than that they should be severed from their old trades for good, and even if the temporary occupation offered is otherwise suitable it may seriously interfere with the unemployed person's seeking employment in his own trade.

This argument is reinforced by another, namely that in most cases unemployment is not confined to one trade or industry but is fairly widespread and that therefore insistence on an unemployed person's taking up other kinds of work is merely increasing the competition for new jobs in the new trade without in any way lessening the total amount of unemployment.

The rule that employment in a different occupation must be accepted in certain conditions is much more strictly applied to applicants for emergency relief.

Practically all laws contain some safeguard on this point, though sometimes of a very general character. Thus a claimant may be obliged to accept any employment which is not such as to hinder his return to his original occupation. This is the case in Austria, Czechoslovakia, Germany, Italy, Poland.

In *Austria*, however, when a claimant has received benefit uninterruptedly for eight weeks this condition no longer applies, and he may be obliged to accept any employment which he is capable of undertaking. The unemployment office must, in that case, give him a certificate, on request, stating that the new employment is not in the claimant's usual occupation.

Benefit is payable in some countries unless employment is available in the applicant's usual occupation.

In *France*, so far as insurance funds are concerned, an unemployed worker must accept the employment in his trade to which he is referred by the insurance fund, and in *Spain* it is laid down that benefit is payable to an unemployed person who is unable to find suitable work in connection with his usual occupation.

In other cases employment in a different occupation may be refused without any loss of benefit for a certain period.

Thus, in *Bulgaria* if an unemployed person has received benefit for eight weeks and employment in his own or an allied occupation cannot be found for him, any employment shall be deemed to be suitable provided it complies with the other conditions laid down.

In *France*, by the Decree of 22 October 1932, short-time workers who, without valid reason, refuse work which is offered to them for the days of unemployment, are not entitled to benefit.

In *Great Britain* it is the practice to pay benefit to those who cannot find employment in their own occupation but it is provided that, after a period of unemployment which in the circumstances of the case is considered reasonable, employment shall not be deemed to be unsuitable for an unemployed person merely because it is employment in an occupation other than his usual occupation.

Sometimes the decision on this matter is left to the administrative authorities.

Thus, in *Belgium* and *Luxemburg* benefit is not paid to those who refuse to accept employment for which they are suited; in *Denmark* benefit is not paid to those who without sufficient cause refuse suitable employment notified to them by the governing body of the fund, by a public employment exchange or by the communal authority; in *New Zealand* the employment must be suitable in its nature; in *Queensland* an unemployed person is disqualified for benefit for thirty days if without reasonable excuse he refuses to accept work offered to him. Similar provisions exist in *Finland* and *Norway*.

Lastly, reference may be made to those countries in which it is explicitly stated that employment in another occupation is considered suitable.

In *Switzerland* it is stated that employment outside the trade is regarded as suitable provided it is within the capacity of the insured person and will not affect the future exercise of his own trade. With regard to emergency

benefit, an unemployed person must make a real effort to find employment and must not refuse any suitable offer of employment even in a trade other than his own.

In *Wisconsin* suitable employment is defined as either employment in his usual employment or other employment for which he is reasonably fitted regardless of whether it is covered by the Insurance Act or not.

### EMPLOYMENT IN A DIFFERENT DISTRICT

An employment exchange will naturally try first of all to provide an applicant with employment in the district in which he resides or in which he habitually works. But if no such employment is available, the exchange will naturally seek employment openings in other districts, and if a job is available the unemployed person can only refuse to accept it on pain of forfeiting his benefit.

There are however certain qualifications of this general statement. In *Spain* this rule does not apply. A claimant in that country is not obliged to accept an employment which necessitates a change of residence. Employment may be refused in a different district if certain preliminary conditions are not fulfilled. One of the conditions sometimes laid down is that the accommodation at the place where the work is offered must be unobjectionable (Austria, Germany, Poland). Another reason justifying refusal of employment in a different district is that provision for dependants is not adequately ensured (Austria, Germany). The Swiss law also deals with the question of dependants and provides that if a claimant has dependants for whose maintenance he is legally responsible, this fact is taken into account when considering employment outside the place of residence. In countries where points of this kind are not specifically mentioned in the law, they are nevertheless taken into consideration. In Great Britain, for instance, it is clear from the decisions of the Umpire that personal reasons may in certain cases be held to justify a claimant in refusing employment. In Italy the law contains a provision to the effect that employment must not conflict with the justified needs of the claimant and his family. Finally, there is one case (Czechoslovakia) in which free transport must be offered to the place of work. In *Wisconsin* it is specifically laid down that suitable employment means employment in the vicinity of the claimant's residence or last employment, but this is subject to a general power by the Commission to apply any other standards if those laid down are impracticable. On the other hand, in Belgium personal reasons do not as a rule justify a claimant in refusing employment elsewhere than in the locality in which

he habitually works, provided he is capable of doing the work and that it complies with the conditions usually applied in the district in question.

## WAGE RATES AND OTHER CONDITIONS OF EMPLOYMENT

It is generally agreed that employment may be refused if the payment is inadequate. It is not, however, quite easy to determine what is meant by this expression. Is an unemployed person to be entitled to refuse work at a lower wage than that he has been receiving ? That would imply that he could in certain circumstances stand out for a higher wage than that customary in the occupation if he had happened to be earning such a wage before becoming unemployed. That is not generally considered reasonable and is not in fact a criterion admitted in any law. On the other hand, the conditions in the applicant's previous employment should be given due weight. Thus the British Act provides that if employment is offered in the unemployed person's own district the wages and other conditions should be not less favourable than those he might be expected to obtain " having regard to the conditions he habitually obtained in his usual occupation in that district ". More frequently it is merely considered unreasonable that an unemployed person should be forced to accept a wage lower than that agreed upon in collective agreements, or in the absence of such agreements than that customarily paid in the occupation in question.

In *Austria* employment may be refused if it is not suitably remunerated.

In *Belgium* benefit is not paid to those who refuse to accept an employment for which they are suited if the conditions correspond to those customary in the district.

In *Denmark* it is not a sufficient cause for the refusal of an offer of employment that the wages for the said employment are less than those that the person concerned formerly received, provided that they are not below the rate fixed for corresponding work in pursuance of agreements concluded between employers and workers, or the rate customarily paid in the occupation or neighbourhood in question for corresponding work.

In *Finland* employment may be refused if the wages are less than those fixed by collective agreement, or in the absence of an agreement the wages customarily paid in the locality.

In *Germany* employment may be refused if the standard wage or the customary wage is not paid for the work.

In *Great Britain* employment in the applicant's usual occupation in the district where he was last ordinarily employed may be refused if it is at a rate of wage lower, or under conditions less favourable, than those which he might have expected to obtain having regard to the conditions which he habitually obtained in his usual occupation in that district. Employment in the applicant's usual occupation in any other district may be refused if it is at a rate of wage lower, or under conditions less favourable, than those



generally observed in that district by agreements between associations of employers and employees, or failing that, than those generally recognised in that district by good employers. If the employment offered is in an occupation other than the applicant's usual occupation, it may be refused if the customary rate of wages is not paid.

In the *Irish Free State* employment in the applicant's usual occupation in the district where he was last ordinarily employed may be refused if it is at a rate of wage lower, or under conditions less favourable, than those which he habitually obtained in his usual occupation in that district. If the employment is in another district, the regulation is the same as in Great Britain.

In *Italy* suitable employment is defined as employment the remuneration for which is not inferior to that normally corresponding in the district to the occupation to which the insured person belongs.

In *New Zealand* the employment must be suitable in its conditions and rates of remuneration.

In *Poland* employment is considered suitable if it is adequately remunerated according to the current local standards and if the other conditions of employment are not inferior to those customary in the district.

In *Spain* employment is considered suitable if the normal wages are paid.

Other conditions of employment besides wages may be taken into consideration, the most important of these being the question of hours of labour.

Thus, in *Great Britain* the rules relating to wages refer also to conditions of labour, and the Umpire's decisions show that hours of labour and other conditions are in fact borne in mind in determining the suitability of employment. On the question of hours, the *Wisconsin* law states that employment must be accepted if it provides work for at least half the normal number of hours worked as full time.

## STRIKE OR LOCK-OUT IN PROGRESS

Most laws agree in recognising that an unemployed person shall not forfeit his benefit if he refuses to accept employment in an establishment where a strike or lock-out is in progress. Such a condition is generally considered to be necessary as a guarantee of impartiality on the part of the State in industrial disputes. One compulsory insurance scheme appears to have no provision of this kind, namely that of *Wisconsin*.

On the other hand, in the case of voluntary schemes the laws are sometimes silent on the point, and it may be presumed that in such cases the practice is probably the same as the general rule. The influence of the trade unions would certainly be exercised in that direction, and as the voluntary insurance schemes are based mainly on trade unions their point of view on a matter of this kind would be likely to prevail.

The point under consideration in this section may be implicitly dealt with in other laws or parts of the law relating to the organi-

sation of employment exchanges. Thus in Denmark, for instance, the section of the Act of 1 July 1927 which deals with employment exchanges provides that when reliable information in writing is received by an employment exchange or any of the trade organisations concerned to the effect that a strike or lock-out is ordered in respect of a workplace or workplaces, the exchange shall not direct workers to those places from the time when the order becomes operative until the strike or lock-out ceases or has been declared unlawful. If in view of the information available it is considered that a case had arisen which ought to be dealt with in accordance with the regulations in force for the settlement of trade disputes for the trade in question, no further offers of employment shall be made in the case in question until an industrial award is available.

A provision to the effect that an unemployed person may refuse employment in an undertaking where a strike or lock-out is in progress without forfeiting benefit is included in the laws of Austria, Bulgaria, Czechoslovakia, Finland, France (relief funds), Germany, Great Britain, the Irish Free State, Italy, Poland, Spain and Queensland.

#### OTHER CONDITIONS RELATING TO SUITABLE EMPLOYMENT

A certain number of other conditions must be satisfied if employment is to be considered suitable. Most of them are implied rather than specified.

It would clearly be unreasonable to exact of an unemployed person that he should undertake work for which he is physically unfitted. The laws of Austria, Bulgaria, Czechoslovakia, Germany, Poland and Wisconsin mention this point; in Czechoslovakia, for instance, it is stated that an unemployed person must be capable of performing the work offered, and in Wisconsin it is provided that the employment must be of a kind for which the unemployed person is reasonably fitted.

Certain laws prescribe that the employment must not be injurious to health (Bulgaria), or to health and morals (Austria, Italy and Poland).

In Great Britain an applicant for transitional payments must in addition to fulfilling the other conditions already referred to, prove that he is normally employed in insurable employment and that he will normally seek to obtain his livelihood by means of insurable employment.

#### § 4. — Disqualifications for Benefit

In addition to complying with the conditions for benefit which have been described in the preceding sections, a claimant must also show that he is not subject to any of a number of disqualifications, the principal being those due to:

- (a) Misconduct or leaving employment voluntarily;
- (b) Receipt of a dismissal allowance;
- (c) Unemployment due to a trade dispute.

##### MISCONDUCT OR LEAVING EMPLOYMENT VOLUNTARILY

It is generally agreed, as has been seen already, that unemployment benefit is payable to those who are unavoidably unemployed, and it more or less follows from that premise that those who leave their employment voluntarily shall be disqualified. If that were not the case every dissatisfied worker would lightheartedly leave his employment knowing that he would receive benefit, and then start to look round for a new job at his convenience. It is not, however, for that kind of unemployment that insurance and relief schemes have been established, and no fund could possibly stand the strain of payments for such a purpose. A worker may, however, leave his employment for good and sufficient reasons which can be explained to the administrative authorities. Such reasons are taken into consideration in determining whether the worker is disqualified or not. Thus, by way of example, the following definition contained in section 9 of Order I issued under the Swiss Federal Act of 1924 is quoted: " If he (the insured person) gives up his employment without any guarantee of finding another means of livelihood, unless he does so for reasons justifying his resignation or because he would have to continue his employment upon conditions contrary to the collective agreement covering him or upon conditions that he could not be expected to accept in view of the usual wages paid in the trade for this work and the usual conditions of work in this trade ", he is disqualified for benefit. There is generally a time limit to the disqualification.

Similar considerations apply to a worker who is discharged for misconduct, and the disqualification in this case is also limited in time. The disqualification does not necessarily apply to every case

of misconduct; in Germany, for instance, only misconduct justifying dismissal without notice leads to a refusal of benefit. Again, by way of example, the Swiss definition may be quoted: "If he (the insured person) is dismissed on account of gross or deliberate negligence, refusal to work or disregard of the works regulations or the employment contract by which he is covered", he is disqualified for benefit.

In *Austria* benefit is forfeited for a period of four to eight weeks if the unemployed person is out of work on account of his own misconduct, or has left his employment without sufficient cause.

In *Belgium* benefit is not paid if the unemployment is due to circumstances for which the unemployed person is responsible. The suspension of the right to benefit is maintained for at least a month after his willingness to resume work has been established.

In *Bulgaria* the claim to benefit lapses entirely if the claimant is unemployed because he has left his employment voluntarily.

In *Czechoslovakia* benefit is not payable to an unemployed person who is unemployed through his own fault or who voluntarily left his employment without sufficient reason.

In *Denmark* benefit is not paid to those whose unemployment is due to their having left their employment on insufficient grounds, or is caused by excessive indulgence in intoxicating drink or through quarrelsome behaviour with the employer or fellow-workers or through misconduct.

In *Finland* benefit is not paid to those who leave their employment without a valid reason.

In *Germany* a person who has given up his post without sufficient or approved reasons or has lost it for conduct justifying his dismissal without notice is disqualified for six weeks. This period may be reduced or extended in exceptional circumstances.

In *Great Britain* an insured contributor who loses his employment through his misconduct or who voluntarily leaves his employment without a just cause is disqualified from receiving benefit for a period not exceeding six weeks.

In the *Irish Free State* the same rule applies as in Great Britain.

In *Italy* benefit is not payable to an insured person if he gives up work voluntarily or loses it by his own fault. The disqualification lasts for thirty days.

In *Luxemburg* benefit is not paid to those who leave their employment voluntarily or who habitually frequent public-houses or make an abusive use of the benefit.

In *Poland* benefit is not payable to an insured person who breaks his contract of his own free will and without a valid reason. The disqualification lasts for four weeks in the case of a manual worker and three months in the case of a non-manual worker.

In *Spain* benefit is not paid to those who leave their employment without a valid reason. The disqualification lasts for one month.

## RECEIPT OF A DISMISSAL ALLOWANCE

A worker may on being discharged from his employment receive a dismissal allowance either in virtue of laws and regulations in force, or in the form of a customary payment by the particular

employer in question. This point was referred to in a resolution concerning the unemployment of salaried employees adopted by the Governing Body in April 1932 on the proposal of its Unemployment Committee. Paragraph 7 of that resolution recommends that the question of extending unemployment insurance to salaried employees should be studied as quickly as possible "care being taken to avoid overlapping between dismissal allowances and insurance or relief payments".

This is in fact the normal practice, provided the allowance is roughly equivalent to the wages previously received. A further distinction is sometimes drawn as in Great Britain between the payment of wages or compensation in accordance with the express or implied terms of the contract and a payment which is in the nature of a gratuity or an act of grace. In the former case the worker is not considered to be unemployed until the payment ceases; in the latter the payments are entirely disregarded.

In *Austria* if an unemployed person has received compensation for the dissolution of a contract of employment or service, he is not entitled to benefit until the expiry of a period corresponding to the amount of compensation fixed by agreement.

In *Belgium* benefit is reduced by the amount of any allowance given freely by the employer.

In *France*, short-time workers receive no benefit if they are in receipt of wages or a dismissal allowance from their employer in respect of the days of unemployment. If, however, the wages or allowance are less than the amount of the benefit which would otherwise be due, the difference between the two sums may be paid.

In *Germany* an unemployed person is disqualified for benefit for any period during which he is still in receipt of remuneration or an equivalent payment.

In *Great Britain* a claimant is disqualified during any period for which he continues to receive wages or receives any payment by way of compensation for the loss of and substantially equivalent to the remuneration which he would have received if the employment had not terminated.

In *Italy* if an unemployed worker is paid compensation for dismissal benefit shall be paid on the eighth day following the expiration of the period corresponding to the amount he receives by way of compensation calculated at a daily rate.

In *Luxemburg* benefit is reduced by the amount of any allowance given by the employer.

## UNEMPLOYMENT DUE TO A TRADE DISPUTE

In accordance with the principle of the neutrality of the State in trade disputes, it is the normal rule of insurance institutions not to pay benefit to persons whose unemployment is due to a stoppage of work resulting from such a dispute. There are, however, in some countries certain exceptions to this rule.

Thus a strike in one establishment may cause unavoidable unemployment in a different industry which supplies its raw materials, or which is dependent on it in some other way. Thus a strike in the transport industry, for instance, is likely to cause unemployment in a number of different industries. The question for consideration is whether all persons who are unemployed in that way should forfeit their benefit or not. Sometimes, as in Czechoslovakia, the indirect sufferers from a strike are definitely entitled to benefit or, as in Belgium and Great Britain, unemployed persons who have no direct interest in the settlement of the dispute are entitled to benefit. In Germany benefit is only paid if there is hardship. In Belgium a distinction is drawn between strikes which are of a professional character and those which are not, and in the latter case the rules for the payment of benefit are stricter.

The Belgian law also contains a special provision relating to cases in which the employer fails to have recourse to the conciliation procedure laid down by law. The strikers are then considered to be involuntarily unemployed and are entitled to benefit. The same point is dealt with in the Polish law.

In *Austria* a person who is unemployed in consequence of a stoppage of work due to a strike or lock-out is not entitled to benefit during the stoppage.

In *Belgium* benefit is not paid to those whose unemployment is the direct consequence of a strike if it is established that the strike was declared in agreement with them and that they have a direct interest in the settlement of the dispute. Moreover, it is not paid to those whose unemployment is the direct consequence of a strike declared for a purpose which is not of a professional character and who belong to a group which gives to the strikers a support likely to prolong the strike or facilitate its extension. If a strike is threatened and the employers do not have recourse to the conciliation procedure laid down by the Royal Order of 25 November 1929, strikers are considered as involuntarily unemployed and are entitled to benefit.

In *Bulgaria* the claim to benefit lapses if the claimant is unemployed as a result of a strike, for the duration of the strike.

In *Czechoslovakia* benefit is not paid to those who are on strike or are locked out, for the duration of the strike or lock-out. Temporary dismissals due to shortage of raw materials or partly manufactured goods or to stoppage of traffic, for which the dismissed workers are not responsible, is not deemed to be a lock-out even if the shortage is consequent on a strike or lock-out.

In *Denmark* benefit is not paid in any case to those who participate directly in a strike or lock-out. Moreover, it is not paid to those who lose their employment in an undertaking affected by a dispute as the direct result of a dispute in another industry. Special regulations have been issued on this subject.

In *Finland* the matter is left to the decision of the insurance funds.

In *France* (insurance funds) the question is also left to the insurance funds. In the case of relief funds no benefit is payable to persons whose unemployment is due to a collective labour dispute affecting the undertaking where they are employed.

In *Germany* an unemployed person whose unemployment is caused by a strike or lock-out shall not receive benefit. If caused indirectly by the strike

or lock-out, benefit shall be granted if the refusal would be an undue hardship. The Committee of Management of the State Employment Office shall decide, subject to rules laid down by the Federal Institution, where and from what date undue hardship is present.

In *Great Britain* an insured contributor who has lost employment by reasons of a stoppage of work due to a trade dispute at the factory at which he was employed is disqualified from receiving unemployment benefit so long as the stoppage of work continues unless he has during the stoppage become employed elsewhere. The above disqualification does not apply in any case in which the insured contributor proves that he is not participating in or financing or directly interested in the trade dispute in question and that no employees of the same grade or class as himself and employed at the same establishment are doing so.

In the *Irish Free State* the insured contributor who has lost employment by reason of a stoppage of work due to a trade dispute at the factory at which he was employed is disqualified from receiving unemployment benefit unless he has during the stoppage become employed elsewhere.

In *Italy* benefit is not paid in respect of unemployment due to disputes between workers and employers so long as the undertaking in question is wholly or partially closed as the result of the dispute.

In *Luxemburg* a worker on strike is not entitled to benefit.

In the *Netherlands* the matter is left to the decision of the insurance funds.

In *Norway* benefit is not paid to those who are unemployed as a result of a strike or lock-out.

In *Poland* an unemployed worker is not entitled to benefit if he is unemployed in consequence of a strike. The disqualification lasts for the duration of the strike. A stoppage in respect of which the competent district inspector has declared that it was caused by obviously unlawful actions of the employer shall not be deemed to be a strike.

In *Spain* benefit is not paid to those who are involved in a strike or lock-out, unless the strike or lock-out does not affect the industry or trade in which the insured person works, and provided that he did not participate in the declaration of the strike or lock-out, and is not directly interested in the settlement of the dispute.

In *Switzerland* benefit is not paid for unemployment due to a collective labour dispute for the period of the dispute and for thirty days afterwards. Workers unemployed indirectly as the result of the dispute are probably also disqualified.

In *Wisconsin* a worker is disqualified for benefit during any period for which he is out of employment through a trade dispute still in active progress in the establishment in which he was employed.

In *Yugoslavia*, a worker who is unemployed as a result of a strike or lock-out is disqualified for a period of one month.

## OTHER DISQUALIFICATIONS

The list of disqualifications mentioned in the preceding paragraphs is not exhaustive. Thus, insured persons who work abroad are normally disqualified and the disqualification may continue for some time after return to their home country. Regulations on this subject are to be found in the laws of Belgium, Czechoslovakia, Queensland and Spain. In Belgium, for instance, insured persons who work temporarily abroad do not recover their right to benefit

until they have been registered in an employment exchange in Belgium for one month. In Germany, however, persons who are employed abroad in certain specified districts may become insured, or may retain their rights, even if they do not reside in Germany, by paying their contribution to the nearest German fund.

Benefit and Poor Law relief must not overlap. There is some danger of this happening, owing to the fact that unemployment insurance and Poor Law relief are administered by two different authorities. It may nevertheless happen that an insured person in receipt of benefit may find it inadequate and may be compelled to have recourse to the Poor Law authorities as well. The main thing, therefore, is to ensure co-operation between the two authorities.

In *Austria*, if the unemployed person is in receipt of any other payment from public funds equal to not less than half the benefit due to him, the amount of the benefit is reduced by half the amount of the said payment, provided it does not fall below one-third of the statutory amount.

In *Denmark* it is expressly provided that benefit is not paid to those who are in receipt of regular Poor Law relief, or who have been in receipt of such relief on several occasions during the preceding three months.

In *Great Britain* Poor Law authorities are required in considering an application for relief to take into account the full amount of any unemployment benefit received by the applicant.

In certain laws reference is made to the disqualification of those who are in prison or in some other State institution, or who are under detention. Such provisions are to be found in the laws of Bulgaria, Denmark, Great Britain and the Irish Free State.

There is a provision in the Austrian Act excluding from benefit all persons under seventeen years of age if they have relatives who are under an obligation, and are able, to provide for them, unless such persons have been sent by the Labour Office to a course of vocational training which occupies them during the whole day. The German Act excludes from benefit all persons under twenty-one who are actually receiving maintenance from their families under the Civil Code.

Benefit may be withheld if the claimant has earned more than a certain amount during the previous year.

Thus, in *Queensland* no benefit is payable, except where non-payment would cause unreasonable distress or hardship, to applicants whose earnings during the twelve months previous to application exceeded £A.220.

In *Wisconsin* benefit is not payable to an employee who has received in wages \$1,500 or more in the twelve months preceding the date on which he became totally unemployed.

There is also a provision in the *Queensland* Act to the effect that objection on the part of an unemployed worker to become a member



of a registered trade union which enjoys preference of employment for its members as a result of an industrial agreement duly registered or an award of the Court of Conciliation and Arbitration shall not of itself constitute a reasonable excuse on the part of the worker for refusing to accept work offered.

Finally, reference may be made to a disqualification in Wisconsin in respect of any period during which a claimant is out of employment because of an act of God affecting his place of employment.

### § 5. — Waiting Period

Benefit is not paid for the first few days of unemployment. The object of this measure is not only to exclude the first days of a prolonged period of unemployment but, above all, to exclude very short periods of unemployment.

If these short periods were not excluded, practically every insured person would, when changing his job and being without work for two or three days between two jobs, be entitled to claim benefit. It is not, however, against unemployment of that kind that insurance and relief schemes have been established. The unemployed person who is out of work for a few days only is expected to provide for himself during such a period.

The case is rather different when a worker is discharged and his period of unemployment turns out to be a fairly long one. The waiting period, however, is nevertheless maintained on the ground that it is not unreasonable to expect an unemployed person to provide for himself out of his savings for a few days at the beginning of his unemployment.

There are also financial reasons for having a waiting period. To an insurance or relief fund the first days of unemployment are the most expensive, because everybody who is unemployed at all is unemployed for one day, whereas a considerable proportion of those who are unemployed for one or two days obtain work within a week. Thus, in Great Britain the Ministry of Labour found that, among the 1,050,117 persons registered at the exchanges as unemployed on 26 September 1927, 16.5 per cent. were in the waiting period or had their claims under consideration. To pay benefit for the first few days of unemployment would cast a heavy additional charge on the fund, and it is at a later stage, when unemployment has already lasted some time, that the benefit is most needed by the beneficiary.

The length of the waiting period has given rise to a good deal

of discussion and as a rule a compromise has been found between the views of those who are opposed to any waiting period and those who would like to make it fairly long. The waiting period actually chosen is not merely a compromise, however; it is also based on an actuarial estimate of the probable cost of different waiting periods.

If, however, a waiting period were necessarily imposed every time an insured person became unemployed hardship would certainly result. Both the Blanesburgh Committee in Great Britain and the Brauns Committee in Germany considered this question and recommended the retention of a provision by which the waiting period would be dispensed with after short terms of employment following unemployment. If such a provision did not exist, an unemployed person would have no incentive to accept short term employment, and if he were forced to accept it by the employment exchange on pain of forfeiting his benefit, the operation of the rule would often be unduly harsh in its incidence. In Italy employment on certain days or short-term employment in an occupation other than the claimant's usual occupation does not interrupt the continuity of unemployment.

There is a slight difference in the regulations under compulsory insurance schemes and under voluntary insurance schemes; in the former a definite waiting period is fixed while under the latter the waiting period is a minimum which may be increased by the funds themselves if desired. In France (insurance funds) and the Netherlands no minimum waiting period is provided by the law and the question is left entirely to the funds.

The normal waiting period is one day per month in *Belgium*; three days in *Switzerland*; six days in *Bulgaria*, *Great Britain*, the *Irish Free State* and *Spain*; a minimum of six days and a maximum of fifteen days in *Finland*; seven days in *Austria*, *Czechoslovakia*, *France* (relief funds), and *Italy*; ten days in *Poland*; fourteen days in *Queensland*, and two weeks in *Wisconsin*. In *Denmark* the waiting period is six days, which may be increased to fifteen days by a fund, or may be reduced or suspended if benefit is paid in the form of a travelling allowance. In *Germany* the normal waiting period is twenty-one days for claimants without dependants entitled to benefit, fourteen days for claimants with one, two or three dependants, seven days for claimants with four or more dependants. In certain circumstances these periods are reduced to seven, three and no days respectively.

Moreover, it is provided in *Denmark* that, if an unemployed person secures employment of a merely temporary nature not lasting more than three weeks (which may be extended to five weeks by the Minister if conditions in the trade justify it) and subsequently becomes unemployed, the days before and after this employment are deemed to belong to the same period. The same applies to days before and after an illness. The whole or part of the waiting period may be waived in the case of funds for trades where the conditions entail short periods of employment at frequent intervals.

In *France*, a short-time worker is not entitled to benefit unless the under-

taking, or part of an undertaking, in which he is employed has during the four weeks immediately preceding the claim for benefit been idle at least eight full days in the case of unemployment, or at least one week if there is a system of rotation consisting of one week's unemployment per fortnight. On the other hand, the maximum number of daily benefits paid to the unemployed person is one less than the number of days of unemployment.

In *Germany* the waiting period may be served within, and remain valid for, a period of six weeks.

In *Great Britain* any three or more days of unemployment, whether consecutive or not, within a period of six consecutive days, shall be treated as a continuous period of unemployment, and, moreover, any two such continuous periods of three or more days are treated as one continuous period of unemployment if they are separated by not more than ten weeks.

In *Italy* claimants are deemed to be continuously unemployed even if they work on the weekly rest-day or on a holiday in place of those who are absent from work on these days in accordance with the statutory measures in force; the same applies to those who do occasional work in an occupation different from their usual occupation for a period not exceeding two days.

In *Poland* if an unemployed worker finds paid work and finishes it through no fault of his own in not less than ten days a new waiting period is necessary; if he finishes it in less than ten days no waiting period is necessary.

In *Wisconsin* not more than two weeks of waiting period per employer shall be required of any worker within any twelve months in order to establish his eligibility for total unemployment benefit.

In the case of applicants for emergency benefit, there are special rules in force in *Belgium*, the waiting period being calculated on the following basis; one day's unemployment in a week does not give any right to benefit, two days' unemployment gives the right to one day's benefit, three days' unemployment to two days' benefit, four days' unemployment to four days' benefit, and so on.

## § 6. — Attendance at a Course of Instruction

If an insured person is unemployed for a short period, no question of his attending a course of instruction as a condition of receiving benefit usually arises. It would be quite impracticable, even if it were particularly desirable, to organise courses for such a large number of people, and above all for such a very floating population.

But, when more or less acute unemployment lasts for a long time and when individual unemployed persons are out of work for a long period, the situation is quite different. The importance of attending courses of instruction may then be very great. Their value is twofold. On the one hand they tend to prevent moral deterioration, and on the other hand they may enable workpeople who have been engaged in a declining trade or occupation to learn a new one. The imposition of an obligation to attend a course of instruction also serves as a subsidiary test of willingness to work.

Generally speaking this condition has in the past been applied mainly to juveniles. In their case moral deterioration is particu-

larly easy, and it is important to take whatever steps are possible to prevent that. Moreover, unemployed juveniles leave school at varying ages, from the school-leaving age (thirteen or fourteen) up to sixteen, most of them at the earlier ages, and there are good educational reasons for giving them further education. If the juveniles are in employment, the necessary arrangements are hampered by the need for fitting the instruction in with the employment; if the juveniles are unemployed, that particular difficulty no longer exists, and it has naturally been the policy of several Governments to take advantage of a period of idleness to give instruction to the young unemployed men and women. The organisation of juvenile classes for unemployed persons is subject to difficulties of another kind, namely, that the persons attending the classes are constantly changing as those who are unemployed find work and those who are in employment become unemployed. These difficulties are, however, outside the scope of this section, which deals only with attendance at courses of instruction as a condition for the receipt of benefit.

In the case of adults, steps have usually been taken only after a long period of unemployment had revealed signs of moral deterioration and the need for retraining for new trades and occupations. In Great Britain, for instance, attendance at a course of instruction might have been imposed under the terms of the 1920 Act, but in fact this provision was applied only to juveniles, and it is only since 1930 that adults have been brought under similar regulations.

It is clear that this condition cannot be imposed in every case; it would be too great a strain on the administrative authorities whenever there is a great deal of unemployment. These authorities must use their discretion in determining which unemployed persons are most in need of instruction and are most likely to profit by it. It may be added that a condition of this kind is found only in compulsory insurance schemes<sup>1</sup>.

In *Austria*, if it is impossible to find suitable employment for an unemployed person owing to the fact that he lacks sufficient knowledge and skill for work in his own or another suitable occupation, the unemployment office may, with the consent of the District Industrial Commission, send him to a trade school, a suitable undertaking or some other suitable institution for continued education and pay him unemployment benefit for not more than twelve weeks. Refusal to follow the directions given entails a loss of benefit for a period of twelve weeks. The District Industrial Commissions may be authorised to extend the payment of unemployment benefit during the period of continued education to not more than thirty weeks in all.

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<sup>1</sup> Further particulars concerning the organisation of courses of instruction will be found in Chapter IV.

In *Bulgaria* if an unemployed person is unable to find work in his own or an allied occupation on account of inadequate training, the exchange may send him to a trade school, class or a suitable institution in order that he may receive the necessary training. The period of training shall not exceed the period during which he is entitled to benefit.

In *Germany* if any person without sufficient reason refuses to undergo vocational retraining or continued vocational training, although it is calculated to facilitate his finding employment and no expenditure is entailed upon him thereby, he shall not receive unemployment benefit for a period of four weeks.

In *Great Britain* the insurance officer may under the 1920 Act require a claimant to attend at an approved course of instruction. The 1930 Act charged the Minister of Labour to make arrangements with local education authorities for the provision, as far as practicable, of approved courses of instruction for juveniles, and wherever such a course is available juveniles must attend as a condition of receiving benefit. Since 1930, moreover, this condition has been applied to adults. But, by Statutory Rules and Orders 1930, No. 101, the insurance officer cannot require a person over eighteen years of age to attend a training centre unless the question has first been considered by a local Board of Assessors consisting of a representative of the employers and a representative of the workpeople.

In the *Irish Free State* the insurance officer may require a claimant to attend at an approved course of instruction.

In *Italy* the insurance carriers may organise courses of vocational instruction and of practical workshop instruction for the benefit of unemployed persons, and the payment of benefit may be made conditional on attendance at such courses.

In *Queensland* if any worker has repeatedly lost his employment by reason of imperfect knowledge or skill, the Unemployment Council may direct that he receive instruction at any State technical college or any other institution or business, and that the cost of such instruction together with the allowance for the sustenance of the worker during his period of instruction shall be borne by the fund wholly or in part at the discretion of the Council.

In *Yugoslavia*, the public employment exchanges may oblige unemployed persons of less than eighteen years of age to attend vocational or other courses of instruction.

## § 7. — Obligation to Undertake Work

In all countries the main object of measures for the relief of unemployment is to find employment for the unemployed persons, and for this purpose ordinary public works may be speeded up, or special relief works be organised. Something will be said about such works in Chapter IV. In the present section we are concerned solely with work of any kind whatever which has to be performed as a condition for the receipt of benefit.

It is usual to consider relief works as suitable employment which must be accepted by any applicant for benefit if available. But such employment is not necessarily suitable, and may in certain circumstances be refused. Thus the Czechoslovak Act provides that the right to the State supplement during unemployment is forfeited by any person who has refused to perform

temporary work of public utility assigned to him by an employment exchange; the suspension of the State supplement lasting for a period corresponding to that for which a sum equal to the State supplement would constitute the weekly wages; but such work must be accepted only if the claimant is capable of performing the said work, which must be suited to his occupational qualifications, and is paid for it on the basis of the wages scale in force or at the rate customary in the locality where the work is to be performed.

Similarly in Great Britain, although nothing is said on this matter in the Act, benefit may in practice be allowed to a claimant who refuses relief work under a scheme of a local authority if the Umpire is satisfied that the reasons for such refusal are adequate.

Another provision occasionally found in unemployment insurance or relief schemes is to the effect that compulsory unpaid work may have to be performed as a condition of receiving benefit or relief. Thus, in Germany an unemployed person in receipt of emergency benefit and, in exceptional cases, of standard benefit, must, if required, perform a certain amount of compulsory or duty work (*Pflichtarbeit*). The only exceptions concern young persons under twenty-one who attend courses of instruction or vocational re-training. The work must be of public utility, and must be such that it would not be otherwise carried out at all or not at the time or to the extent in question. It must be suitable from the point of view of the age, health and family circumstances of the unemployed person, it must not interfere with the unemployed worker seeking work, and must not endanger his chances of advancement in the future. The hours of work must bear a suitable proportion to the average unemployment benefit due for the period in question. It appears that not much use has been made of this provision of the law.

A similar provision is to be found in other laws. Thus, in Poland unemployed persons who are not in receipt of benefit, and who receive the special relief in kind provided for by a decision of the Cabinet on 26 August 1934, may have to carry out work of public utility in return. In the State of Victoria (Australia), persons in receipt of sustenance may have to perform work for municipalities if called upon to do so.

### § 8. — Special Cases

While the above general conditions for the receipt of benefit are applicable to the great majority of wholly unemployed persons

covered by the insurance or relief schemes referred to, it has been found necessary to adopt special regulations applicable to certain classes of unemployed persons. These classes are (a) married workers; (b) seasonal workers; (c) those who are casually employed; (d) home workers<sup>1</sup>.

### MARRIED WORKERS

The situation of married workers, whether male or female, is in reality a single problem. If both man and wife are in employment, it appears to be reasonable that if either of them becomes unemployed he or she should be entitled to unemployment benefit. So long as there is in operation an insurance scheme on an actuarial basis, there is no reason for not paying the unemployment benefit. But where this is not the case, or where the right to benefit has been exhausted by the lapse of a fixed time limit, it is sometimes considered not unreasonable to impose some special conditions on insured persons claiming benefit. In fact, such special conditions have been laid down in two countries, but applicable not to all married persons but only to married women.

When a woman marries her position in the industrial field may in certain circumstances be substantially changed. It is usual in some trades, such as the cotton textile trade, for instance, for women to continue in employment after marriage, and in that case there is little difficulty. On the other hand, in many trades no married women are accepted, and the woman who marries while in employment is discharged. If that is the case, it does not of course follow that the married woman is not able and willing to work, and it does not follow that employment will in normal circumstances not be available; a married woman can change her occupation and adapt herself in that way to the conditions of the neighbourhood in which she is living or in which she has been working, but the very fact that employment may no longer be available in her former occupation makes it a little more difficult to prove compliance with the various conditions for benefit.

If employment conditions were very good and it were possible to offer suitable employment to all unemployed married women, the problem would be simple, for refusal of suitable employment is of course a disqualification for benefit. But when employment

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<sup>1</sup> The special conditions applicable to short-time workers are dealt with in Chapter I.

conditions are bad, it may be quite impossible to offer suitable employment of any kind and consequently to see if the married woman is genuinely in search of employment. It is therefore conceivable that a certain number of married women might be able, under the ordinary rules of an insurance scheme, to draw benefit for a considerable period without being really in the employment field.

Thus the Brauns Committee in Germany considered that unemployment among married women constitutes a particularly unsatisfactory risk for unemployment insurance, and in support of that view it quoted the following figures to show the high rate of unemployment among that class of insured persons. While in 1930 there were 10.5 recipients of standard benefit for every 100 insured persons, the corresponding percentage for males alone was 12.7, for females alone 6.1 and for married women 14.8. The average number of married women in receipt of standard benefit in 1930 was 135,000<sup>1</sup>. Similar figures have been quoted in respect of Great Britain. Thus it is estimated that in 1930 the total number of insured married women was not more than 30 per cent of the total number of insured women. There were, however, on 24 February 1930 129,018 married women claimants and 166,518 single women claimants; between that date and 13 October 1930 the former increased by 109,809 and the latter by 71,908, bringing the totals to 238,827 married women claimants and 238,426 single women claimants<sup>2</sup>.

It has sometimes been suggested that the above arguments would justify the total exclusion of married women from benefit. But it must be remembered that a woman up to the time of her marriage may have paid contributions regularly for a number of years, and could not equitably be deprived of benefit at the moment of marriage. Moreover, if married women are in the habit of working in a certain trade or a certain district, and employment is scarce, their situation is exactly the same as that of men or single women, provided they want to be employed. Again while in normal cases a married woman can, in case of need, be maintained by her husband, the latter may himself be unemployed or be incapacitated from work, or the woman may be separated from her husband, and

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<sup>1</sup> *The Unemployment Problem in Germany* (translation by the British Ministry of Labour), p. 93.

<sup>2</sup> *Minutes of Evidence taken before the Royal Commission on Unemployment Insurance*, 1st, 2nd and 3rd days, p. 71.



may be for practical purposes in a similar situation to that of a single woman.

In *Germany*, benefit for married women is conditional on proof of need.

In *Great Britain*, the Unemployment Insurance (Anomalies) Regulations 1931 provide that a married woman, unless her husband is incapacitated for work or is unemployed and not in receipt of benefit, who since her marriage has had less than fifteen contributions paid in respect of her or who, if more than six months have elapsed since her marriage, has had less than eight contributions paid in respect of her during a period of three months preceding the beginning of her benefit quarter, is only entitled to benefit if it can be proved: (1) that she is normally employed in insurable employment and will normally seek to obtain her livelihood by means of insurable employment, and (2) that having regard to all the circumstances of her case and particularly to her industrial experience and the industrial circumstances of the district in which she resides, she can reasonably expect to obtain insurable employment in that district.

### SEASONAL UNEMPLOYMENT

We are not concerned here with the extent to which seasonal workers are or may be included in an insurance or relief scheme, but only with the special conditions for benefit applicable to those who are included. The main reasons for imposing special conditions are stated in the Report of the Brauns Committee in Germany:

“The primary function of unemployment insurance is to provide benefit in cases of unemployment occasioned by fluctuations in economic activity. Quite distinct in conception from this form of unemployment due to economic factors is the so-called seasonal unemployment, which sets in with greater or less regularity at certain seasons of the year in certain occupations and industries, quite independently of the general economic situation. To this extent, therefore, seasonal unemployment constitutes a special risk in addition to that of unemployment due to general economic fluctuations. In practice, however, it is not quite so simple to distinguish between the two forms of unemployment. They coincide to some extent, and it is often difficult to say whether, in any particular case, the unemployment is due to general economic or seasonal fluctuations. This difficulty, of course, is all the greater the more the occupations normally subject to seasonal unemployment are affected by unemployment during the busy season. This is the case at present in a particularly marked degree.”<sup>1</sup>

The British Ministry of Labour points out that the term “seasonal workers” is used to cover two different classes of case: (1) where there is a busy season alternating with a slack season, during which nevertheless some employment in the trade is available, and (2) where the work is of a wholly seasonal character, beginning and ending at a more or less definite date, and there is no more work available for the rest of the year. Examples of the first class, they say, are the building, clothing and certain other trades. “There are large numbers in this class, which represents one of the main

<sup>1</sup> *The Unemployment Problem in Germany* (translation by the British Ministry of Labour), p. 88.

types of unemployment for which the insurance scheme was intended to provide." <sup>1</sup> Two problems in any case have to be considered, namely, that of unemployment during the busy season, and that of unemployment during the slack season. With regard to the former, it is clear that if an insured person is normally employed during a given period of the year on seasonal work and fails in a particular year to obtain such employment, either wholly or partially, that person is in exactly the same situation as any other insured person who is out of work. The unemployment is not due to the seasonal nature of the work, but to general economic fluctuations, and the unemployed person is on that ground entitled to benefit. There may be some slight difficulty in determining what the normal period of seasonal employment is, but this can almost always be determined by the applicant's past employment record.

The question of unemployment during the slack season is more difficult. Seasonal employment is comparatively regular, and occurs year after year. It is sometimes considered therefore that unemployment insurance is not a suitable method of dealing with the resulting unemployment during the slack season. The unemployed person should be capable of providing for himself during that time either by other employment or by savings accumulated during the busy season. This is all the more true because in certain cases wages paid during the busy season are higher than normal wages paid to similar non-seasonal workers, in order to compensate for the shortness of the working period.

On the other hand, it is pointed out that: (1) higher wages are not always paid during the season, in which case the seasonal worker has no compensation for the short working period, and (2) a seasonal worker may be employed only during a part of the season, in which case he has little or no compensation for the short working period. In both cases the seasonal worker must provide for himself during the slack season by seeking employment in the same or some other occupation. As the British Ministry of Labour points out, there are trades in which a certain amount of work may be available during the slack season, though necessarily to a much more limited extent than in the busy season. It is then a question of fact to determine whether the unemployed person fulfils all the usual conditions and in particular whether he is available for work, that is to say, whether there is any kind of employment which he

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<sup>1</sup> *Minutes of Evidence taken before the Royal Commission on Unemployment Insurance*, 1st, 2nd and 3rd days, p. 96.

might be expected to take if a vacancy occurred in his own district, or if not whether he is able to go elsewhere to other employment. If the seasonal worker fulfils that condition, then he may be considered to be normally in employment during the slack season and consequently entitled to benefit if he fails to obtain employment. On the other hand, where the work is of a wholly seasonal character, it is pointed out by the British Ministry of Labour, in the memorandum submitted to the Royal Commission on Unemployment Insurance to which reference has been made above, that difficulties have arisen in Great Britain in determining the availability of employment and willingness to work in respect of certain categories of seasonal workers, such as persons employed at seaside and other holiday resorts, fish-curers, jam-workers, mineral-water workers, fruit-canners, etc. The reasons are either an absence of actual jobs, which makes it difficult to test willingness to work, or the fact that jobs are available in a limited number of different districts at different times, which, however, do not cover the whole year, or again that the seasonal workers are mainly married women who are taken on merely for the rush periods.

Apart from the fact that special rates of benefit are sometimes prescribed for seasonal workers, the special conditions include exclusion from benefit during the slack season, the provision of a longer waiting period, an obligation to accept any employment offered unless it is definitely unsuitable for the person concerned, and an obligation to prove employment during the off-season in previous years.

In *Austria*, seasonal workers are subject to the same conditions as other workers. Their contributions are higher during the off-season, and in certain cases the benefit may be slightly reduced.

In *Belgium* it was laid down in a Ministerial Circular of 31 May 1932 that workers who are not employed in any occupation other than a seasonal occupation receive no benefit during the off-season.

In *Bulgaria* days lost during the working season but not those lost in the slack season are deemed to be days of unemployment.

In *Czechoslovakia* the Government is empowered to extend the operation of the Acts to particular groups of seasonal workers, and to lay down special conditions for them in respect of basis and duration of the claim to a State supplement and its amount.

In *Denmark*, for funds which include a large number of seasonal workers, the Minister shall determine either that benefit shall not be paid during certain specified seasons when unemployment is customary, either to members of the Fund or to the seasonal workers concerned, or that benefit shall not be paid until unemployment has lasted for more than fifteen days.

In *Finland* and *France* (insurance funds) seasonal workers are covered if the Funds include them.

In *Germany* the ordinary rules regarding qualification for benefit apply to seasonal workers, but an insured person is not regarded as being in a seasonal occupation unless during the last fifty-two weeks of his insurable

employment before registering himself as unemployed he was employed for at least twenty-six weeks in a specified occupation in one of the industries listed as being recognised for the purposes of seasonal employment. Prior to September 1931 temporary employment in a seasonal occupation might cause a worker to be regarded as a seasonal worker, and every application for benefit by the same unemployed person gave rise to a fresh examination of his position. Since September 1931 the application of the special regulations relating to seasonal trade has only been considered on the occasion of the first application for benefit by a worker who has paid the number of contributions necessary to entitle him to benefit.

In *Great Britain* a seasonal worker is entitled to receive benefit during the off-season only if he can prove: (a) that he has within each of the previous two years been employed in insurable employment during the off-season to an appreciable extent; and (b) that having regard to all the circumstances of his case he can reasonably expect to obtain insurable employment during a substantial period of the off-season.

In *Italy* benefit is not paid in respect of unemployment during the slack season in occupations subject to seasonal unemployment or during periods of suspension in occupations in which work is normally suspended at certain periods of the year.

In the *Netherlands* and *Norway* seasonal workers are covered if the Funds include them.

In *Poland* seasonal workers are entitled to the same benefits as other workers. For that reason, the contribution is higher in the case of seasonal workers and amounts to 4 per cent. of earnings, half of this being paid by the employer.

In *Switzerland* the Federal Department of Public Economy is authorised to enact special provisions for persons belonging to seasonal occupations. These provisions must apply uniformly to certain occupations or certain localities, and must contain a special waiting period. Benefit may only be paid if the unemployed person is seriously looking for temporary work. Certain cantonal Acts have prescribed a waiting period of from twelve to twenty-four days. Benefit in the event of partial unemployment of seasonal workers is subject to a longer waiting period.

## CASUAL WORKERS

Unlike short-time workers, who have jobs but who at certain times have no work, casual workers are persons who have no regular employment but who obtain casual jobs, each of which may occupy them only half a day, or a whole day, or possibly two or three days. The principal class of casual workers is that of dockers and waterside workers. The need of special regulations for this class arises mainly from the facts: (1) that the casual nature of the work makes supervision more difficult than in the case of workers with regular jobs, and (2) that casual workers may in certain cases receive comparatively high wages with the result that their wages together with unemployment pay for days of unemployment might equal or exceed the normal week's wages.

The first difficulty is easily overcome. Registration at an employment exchange even once a day is not sufficient to prove unemployment because a job may not last for more than half a

day, and it would therefore be possible for a casual worker to work in the morning and to register as unemployed on the same day in the afternoon. Unemployment has therefore to be proved at least twice a day either at the employment exchange or at some other place such as, for instance, the usual hiring place.

The second difficulty is this. If casual workers receive comparatively high wages for the days they are at work, and they also receive the normal benefit for the days they are not at work, they may receive altogether as much as or more than the full-time worker of a similar kind would receive. Some limit is therefore set in certain cases on the amount of benefit such workers can receive or what amounts to the same thing, on the number of days' unemployment for which benefit may be paid.

As in the case of short-time workers the rules concerning a waiting period and continuous unemployment which have been described in § 5 should be read in conjunction with this section.

In *Belgium* less than four half days of unemployment do not give a right to benefit, and no benefits are paid if the docker has worked three nights in one week, or if the work brings in at least 270 francs, that is, the equivalent of three nights' work. Overtime is not counted in these calculations.

In *France* (relief funds) only those who have been dockers for at least six months and are dependent on work at the docks for a livelihood, are eligible for benefit. Benefit is payable for the weeks during which the dockers have been working not more than three days in all, or more than six half days, provided that they have presented themselves regularly at the usual hiring hour. Unemployed dockers must present themselves at least twice a day to the supervisor appointed by the Unemployment Fund. The number of days' benefit in one week may not exceed the number of days of unemployment minus one.

In *Germany* only those days count towards the qualifying period in which work is performed for not less than eight hours or a full shift. Half shifts may however be added together to make a full shift even when they are worked on separate days in the same calendar week. Dock workers in unstable employment are not entitled to benefit if they are employed for at least twenty-four hours or three working shifts in a calendar week. This period may however be increased by the Administrative Committee of the State Employment Exchange to thirty-two hours or four working shifts if in any port the average duration of employment of such workers is at least of this extent. If while working less than twenty-four hours the docker earns in a week a sum exceeding the amount of statutory benefit by 20 per cent., the benefit is reduced by an amount equivalent to 50 per cent. of the difference between the statutory benefit and the earnings.

In *Great Britain* casual workers are subject to the same conditions as other workers. Port transport workers who are casually employed are engaged by a system of "calls" which usually take place twice a day. In view of this method of engagement special arrangements are made whereby they are required to prove unemployment after each of the calls.

In the *Irish Free State* the conditions are the same as in Great Britain.

In *Queensland* the special rules applicable to casual workers provide that an applicant for sustenance allowance who obtains casual employment is entitled to be paid sustenance allowance at the ordinary rates and subject to the usual conditions in respect of days of unemployment in each week after the first fourteen days of unemployment immediately succeeding the

day of application. No allowance shall be paid in respect of any week if the wages earned by the applicant during that week are equal to or exceed an amount equivalent to the sustenance allowance which would have been payable for a like period to a totally unemployed worker of the same class as the applicant, and in no case shall the sustenance allowance paid exceed the difference between such wages and such last-mentioned amount. If an applicant for sustenance allowance obtains continuous employment for more than two weeks, or during any period of fifteen consecutive days earns not less than the basic wages equivalent for two weeks and one day, his application for sustenance shall lapse.

With regard to waterside workers payment of allowances may be claimed in respect of days of unemployment in each month. The allowance shall be paid on the basis of the number of days on which the applicant was unemployed during the month preceding the date of his application, even if the number of such days in any such month may have been less than fourteen. If the applicant is a fully paid contributor to the Fund he shall be entitled, with certain exceptions, to receive allowance at the full rate applicable to the number of working days on which he was unemployed.

## OTHER SPECIAL CASES

### *Homeworkers*

Special rules have been adopted for homeworkers in some countries, such as Belgium and Germany. In Belgium the Administrative Council of the National Emergency Fund has the power to require special rules of supervision and to refuse payment of subsidies if these rules are not satisfactory. A loss of wages amounting to one-sixth of the normal weekly wage gives rise to a day's benefit.

In Germany homeworkers are excluded altogether if they are married women earning less than 12 RM. a week, or if they act as intermediaries and employ other persons. If several insured persons work together and share the earnings, benefit may be refused if, when one of them loses his work, the joint earnings are not diminished proportionately. As the earnings sometimes include compensation for raw materials or auxiliary help, the Administrative Committee of the local offices are authorised to prescribe a method of calculation of the net earnings.

### *Charwomen*

In France special regulations have been adopted with reference to the relief payments made by public unemployment funds to charwomen. Such persons must not receive any benefit except after the fullest enquiry. Applicants must prove that before becoming unemployed they were drawing regular wages as charwomen and the authorities must make certain that they are not engaged in any paid occupation. For this purpose they must

require such persons to produce certificates showing that they are no longer employed by their last employers, and must summon them frequently at a time when charwomen are most likely to be at work. The public employment offices may offer to unemployed charwomen not merely the kind of work they have been doing, but any kind of work within their physical capacity, if available.

### *Boatmen*

As a rule independent workers are not admitted to unemployment insurance or relief funds and are therefore not eligible for benefits. In France, however, Regulations were issued on 15 April 1932 concerning the payment of State subsidies to the National Navigation Office for the relief of unemployed boatmen up to 30 June 1932. Applicants must be either French nationals or citizens of the Saar or Luxemburg, or citizens of a country which has concluded a reciprocity agreement with France. They must have been owners or renters since before 1 January 1932 of a vessel of at least 70 tons built for inland navigation, and they must be registered in a charter office or some other similar office. They must have been awaiting cargoes for a period varying from seven to twenty-one days according to the length of the last voyage undertaken by them. The right to an allowance ceases if a contract of transport or charter party is signed, or if the boatman refuses a contract without good reason. A boatman in receipt of relief payments may not leave the station shown in the application without warning, and if he moves to another place he must register at the office there on his arrival. The Ministers of Labour and Public Works must appoint a committee to examine applications, decide on their validity, and determine the amount of relief to be granted.

A Decree was adopted in France on 28 July 1932 extending the right to receive the State subsidies to unemployment insurance funds established by independent workers, manual and non-manual, or by handicraftsmen who themselves do manual work and who do not employ more than two assistants other than members of their families.

### § 9. — Means Test

One of the most difficult questions connected with the application of emergency benefit is that of applying a means test. No

such condition is usually imposed in respect of standard benefit, the main reason being that standard benefit is regarded as a payment to which an unemployed person has a right in virtue of his contributions, whereas emergency benefit, which is generally paid entirely by the public authorities, is regarded more as a discretionary payment to which those authorities can attach any conditions they consider reasonable. In Austria and in the relief funds in France and the Saar Territory a needs test is applied from the beginning, and in Germany it is applied from the seventh week of benefit.

Moral arguments are also invoked in favour of the test. It is said that more or less indiscriminate relief tends to demoralise the recipient. If a claimant is receiving benefits to which he has a clear right in virtue of contributions paid, there can be no demoralisation because he is merely reaping the harvest of his previous thrift and foresight, but if he can without having paid any contribution at all draw money from a public authority as a right to which he is entitled on conditions which are actually easier than those applicable to standard benefit (they must of course be easier since the applicant is by hypothesis unable to comply with the ordinary conditions), this may undermine the moral stamina of the unemployed person and make him less willing to seek work and to keep it when he has obtained it.

There is also a financial argument in favour of a means test. If the public authorities are to pay the whole cost of an emergency scheme of relief, the burden on the taxpayer is undoubtedly a heavy one. In Germany, for instance, during the period December 1930 to December 1931 the cost of emergency relief was 753 million marks, four-fifths of which was paid by the State and one-fifth by the local authorities. It can only be conjectured by how much that would have been increased if there had been no means test. The authorities responsible for paying the money naturally look for relief wherever they can find it, and the imposition of a means test is one way of reducing expenditure.

The objection to the means test is based largely on the idea that the worker is entitled to work or maintenance, and that therefore if the worker cannot find employment the State should take steps to maintain him until employment is available. The applicant has to comply with all the conditions laid down for standard benefit, except those relating to the number of contributions paid or to the length of time he has been in employment, and consequently the supervisory authorities, which are generally



the employment exchanges, are able to tell when work is available for an applicant. There is therefore no danger of malingering, and as the claimant under an emergency scheme has necessarily been out of employment for a long time he is likely to be in greater need of relief than at any previous time.

As to the argument that State payments of the kind referred to would have a bad moral effect on the worker, it is said in reply that it is unemployment itself which is demoralising, and not the receipt of relief.

Even if the principle of the means test is accepted, however, the question of its application still presents considerable difficulties.

The main difference of opinion is between those who think the test should be applied by the authority which examines compliance with the other conditions for benefit, and those who think that it should be applied by the local public assistance authorities. In the former case, there is an administrative difficulty. It is said that if the test is applied by the employment exchanges the result will be either that the enquiries made are somewhat cursory and superficial, or if a systematic investigation is made it will be necessary to do exactly the same work as is normally done by the public assistance authorities, and overlapping is therefore bound to occur.

If, on the other hand, the public assistance authorities apply the test, as in Great Britain at the present time, as though they were dealing with an applicant for Poor Law relief, the complaint is made that this is pauperising the unemployed, and that an unjustifiable and inquisitorial investigation is made into the most intimate affairs of the claimant's life. If, moreover, the public assistance authority is a locally elected body, the test may be applied very unevenly in different localities, unless detailed regulations are issued by the central authority.

Finally, there is considerable difficulty in deciding what forms of income are to be taken into consideration in assessing the need of applicants. Are savings to be included or only the income from savings, or are they to be disregarded altogether? Are pensions, particularly war disability pensions, to be included? To what extent is help from relatives to be included? These are but a few examples of the very numerous questions which arise.

In practice the solution is usually found on the basis of leaving the application of the test in the hands of the authorities which apply the other tests of eligibility for benefit, and

co-operation with the public assistance authorities is sometimes provided for.

In *Austria* there is a means test which is applied from the beginning, and which becomes more severe the longer the unemployment lasts. A claimant is entitled to twelve weeks' benefit only if his livelihood is endangered. He must then prove that he is in necessitous circumstances in order to obtain benefit for a further period of thirty weeks. Emergency benefit is paid after that period only if the claimant is in particularly necessitous circumstances.

In *Belgium*, there is a needs test for the payment of emergency benefit. Among those who are excluded under this test are: (1) an unemployed woman whose husband works at least 6 days a week; (2) unemployed persons belonging to a household of several persons according to a scale which takes into account the number of persons in the household and the number of those persons receiving a normal adult wage; (3) unemployed persons who belong to a household, one member of which is engaged in hawking or keeps a business which brings in an amount at least equal to the benefits or allowances which the unemployed person or persons would receive; (4) unemployed persons who are proprietors or tenants of a building, the letting or sub-letting of which would bring them in resources at least equal to the allowances which they would otherwise receive; (5) unemployed persons who possess allotments, horses, cattle, etc., according to a suitable scale. The adult's wage referred to above is generally defined as the average wage of an adult workman in the district concerned. The actual amount is determined by the unemployment funds. Family allowances are not paid to unemployed persons who have exhausted their right to benefit from their society unless their resources are less than those indicated in a scale drawn up by Ministerial Order.

In *Czechoslovakia* the emergency relief scheme is applicable to an unemployed person only if his livelihood and that of his family are endangered by his unemployment.

In *France* payments from relief funds are from the first subject to proof that the family income does not exceed a specified rate (on 1 November 1930 this was in Paris 25 francs a day for two persons and 10 francs a day per person living with the head of the household). The income of persons not entitled to additional relief is left out of account. Payments by public charitable and relief institutions which give relief to unemployed persons who have exhausted their right to ordinary relief are subject to proof that the claimant is without means and is not entitled to other assistance on account of age, invalidity, etc.

In *Germany* a claimant in receipt of certain specified pensions has his benefit reduced by the amount by which these pensions exceed 30 RM. per month. If the wife of a claimant has an income of her own, the benefit is reduced by the amount by which the income exceeds 35 RM. a week, unless the claimant has two or more dependants. Married women are subject to a means test from the beginning of their unemployment.

Emergency benefit is paid only to a person who is in need. The benefit is reduced if the claimant's income exceeds 20 per cent. of the benefit to which he would be entitled. The income of the claimant's family is also taken into account, subject to the deduction of a sum which varies according to the personal position of the unemployed person, his family responsibility and local conditions, and which may not exceed 20 RM. a week. If the claimant has other dependants, this amount may be increased by 10 RM. per person. No account is taken of benefits from public relief funds or of the small savings of the unemployed person or of a small dwelling which he may own. On the other hand, relief may be reduced or withheld if the personal position of the unemployed person shows that he does not require it. It may also be reduced if local conditions justify this, but with the proviso that it may not be reduced below the rate of public assistance. For the same reason, or by reason of the state of the labour market, the duration of emergency relief may be shortened by the chairman of the employment exchange. An Order of the Federal Minister of Labour, which came into force on 9 November 1931,

provides for co-operation between the employment exchange and the local authorities in examining the question of need<sup>1</sup>.

In *Great Britain* transitional payments are made only if the circumstances of the claimant are such that he is in need of assistance in that way. Any question arising as to whether claimants are in need of such assistance is referred to the local authority concerned, and this authority shall determine the sum payable, provided it does not exceed the maximum benefit laid down in the Unemployment Insurance Acts. The authority, which normally acts through its public assistance committee, makes such enquiries and deals otherwise with the case as though it were estimating the need of an unemployed able-bodied person who had applied in the ordinary way for public assistance. The Unemployment Insurance (Transitional Payments) Regulations 1931 provide *inter alia* that the investigation into need, while being made by the public assistance committee, must not involve a claimant's attendance at a Poor Law institution, except with the express approval of the Minister of Labour. In an explanatory memorandum, the Minister pointed out that large numbers of the applicants concerned have up to the beginning of the present depression been employed regularly, that many of them may have suffered deprivations inseparable from long unemployment and have been kept from the necessity of having recourse to public assistance by the receipt of unemployment benefit. These facts were brought to the notice of local authorities so that regard might be had to them in determining the amount of transitional payments of which the applicant might be in need while unemployed. Each local authority determines need in its own way, and according to its own rules.

In *Poland*, unemployed persons who have exhausted their right to standard benefit can obtain monthly allowances, in virtue of an Order of the Minister of Social Welfare of 15 December 1930, if they can prove that they lack the means of subsistence. The Voivodes examine the personal conditions of those who apply for such allowances, decide as to the payments to be made, and make the payments, which may amount to a maximum of 60 zlotys,

In the *Saar Territory*, relief is subject to proof of need from the beginning.

In *Switzerland* emergency benefit is determined on the basis of local circumstances, the family responsibility of the unemployed person and the benefit hitherto granted by the unemployment fund concerned.

#### § 10. — Changes in Benefit Conditions in relation to Length of Unemployment

The conditions for the receipt of benefit are in some cases changed when a worker has been unemployed for a certain length of time. While these variations in the conditions have been noted in the previous sections, it will be convenient to give a summary of them here in order to bring out clearly the fact that such changes occur and the approximate time at which they occur. In some cases the change aims at making the conditions easier, as with the

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<sup>1</sup> The method of applying the means test described above is no longer in force. A means test is, by the Legislative Decree of 14 June 1932, applied to all unemployed persons from the seventh week of benefit. It is also applied to married women from the beginning of their unemployment. The test is applied by the local authorities on the same basis as the test for Poor Law relief.

qualifying period for instance, while in others the conditions are made more difficult as in the case of the means test. The following summary contains the principal changes in the same order as the other sections of this Chapter.

### QUALIFYING PERIOD

If an unemployed person remains out of work for a considerable period it may be impossible for him after a time to comply with the qualifying period laid down and this condition has consequently to be relaxed. Thus, in Great Britain an unemployed person who has exhausted his right to standard benefit and who claims transitional payments has to prove that eight or more contributions have been paid in respect of him during the previous two years or thirty contributions at any time, instead of thirty contributions during the two previous years. Disabled ex-service men are excused from this condition if failure to comply with it is due to their disability.

The qualifying period may also be changed when a second or subsequent claim for benefit is made, as in Austria and Germany. In the latter country in respect of a first claim, an unemployed person must have been in an employment liable to insurance for fifty-two weeks in the previous two years, whilst for subsequent claims this qualification is changed to twenty-six weeks in the previous twelve months. In certain specified cases these periods are fifty-two weeks in a period of three years and twenty-six weeks in a period of three years respectively.

A third method of varying the qualifying period is to suspend it altogether in certain circumstances. Thus, in Denmark, the Minister of the Interior may authorise the temporary suspension of the provision that claimants must have been employed for at least ten months during the preceding two years in the event of exceptional unemployment prevailing in the trade concerned and having so prevailed for at least twelve months in the last two years. On the other hand, the qualifying period in the fund remains in force.

Finally, an entirely new condition may be imposed, because the qualifying period is no longer considered sufficient proof that the claimant is normally employed in insurable employment. This is the case in Great Britain, where an unemployed person who has exhausted his right to standard benefit and who claims transitional payments has to bring other evidence to prove "that he is normally

employed in insurable employment and that he will normally seek to obtain his livelihood by means of insurable employment”.

### DEFINITION OF SUITABLE EMPLOYMENT

Employment which may be refused by a claimant without forfeiting his right to benefit is much more strictly limited after benefit has been drawn for a certain period and especially when a claim is being made for emergency benefit. In certain circumstances claimants must accept any employment offered to them without any restrictions as to occupation, locality, or wage rates and other conditions of labour. This is the case, for example, in Austria after eight weeks' benefit and in Switzerland when a claim is made for emergency benefit.

A number of countries modify the condition relating to occupation after a certain period of benefit. Generally speaking, an unemployed person at the outset of his unemployment cannot be compelled to accept work in an occupation other than his usual occupation. But this rule is frequently modified after the unemployment has lasted a certain time. The principal exceptions to this are France and Spain where the rule is applied as long as the unemployed person draws benefit from an insurance fund.

On the other hand, in Bulgaria and Great Britain, employment in a different occupation may be refused for a certain period but not after that period has elapsed. The period is eight weeks in Bulgaria and a period “which in the circumstances of the case is considered reasonable” in Great Britain.

In Switzerland and Wisconsin, employment in a different occupation must be accepted from the beginning if offered. In other laws the question is not specifically dealt with, but it is probable that as a rule, especially in a voluntary insurance scheme based on the trade unions, employment in a different occupation may be refused in the early days of unemployment.

### WAITING PERIOD

There is usually no change in the waiting period as the result of an unemployed person remaining out of work for a long time. The waiting period is generally served at the commencement of the unemployment and no question of a fresh waiting period arises when

the unemployed person has exhausted his right to standard benefit. In Belgium, however, where the waiting period during the statutory period is one day per month, an applicant for emergency benefit is subject to a different waiting period calculated as follows: one day's unemployment in a week does not give any right to benefit; two days' unemployment gives the right to one day's benefit; three days' unemployment to two days' benefit, four days' unemployment to four days' benefit and so on.

#### ATTENDANCE AT A COURSE OF INSTRUCTION

Those laws which provide for attendance at a course of instruction as a condition for the receipt of benefit do not say anything about the time at which this condition has to be imposed<sup>1</sup>. There is nothing to prevent its being insisted upon from the beginning of the period of unemployment, but in fact it is impracticable as a rule to send an unemployed person who may be out of work for a short period to a course of instruction during that period and consequently this condition is not applied in the early days of unemployment but only after a certain undefined length of time has elapsed.

#### MEANS TEST

The means test is by far the most important of the new conditions imposed on a person who is unemployed for a long period. Apart from one or two non-contributory relief schemes, such as that of France, for instance, and the Austrian insurance scheme, there is no system in force under which a means test is imposed as a general rule from the beginning of unemployment. Such a test, however, is sometimes applied to special classes of insured persons such as married women, who, for instance, are subject to a means test in Germany from the beginning of their unemployment. On the other hand, when unemployment has lasted so long that the applicant exhausts his right to standard benefit and has to make a claim for emergency benefit, a means test is frequently imposed. Full particulars of the provisions relating to it are given in the relevant section of this Chapter.

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<sup>1</sup> Except that in the case of claimants under eighteen years of age in Great Britain the condition must be imposed on the day following the first day of unemployment if there is a course which the claimant can reasonably be required to attend.

## CHAPTER IV

### BENEFITS

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#### § 1. — Reabsorption into Employment

The principal object of granting unemployment benefit is to make up in some measure for the loss of earnings due to unemployment. An account will be given later of the cash benefits paid in different countries to workers who have lost their jobs. It very often happens, however, that unemployment benefit schemes are not confined to making payments of this kind, and it is proposed to describe first certain other benefits that they ordinarily grant.

However necessary cash benefits may be, they are clearly only a second best. From every point of view it is preferable to find work for the unemployed. There can be no question, of course, of leaving this task to the unemployment insurance or relief institutions alone. The very different economic, political and social measures that may be needed to increase the industrial activity of a country, and the employment of labour, usually lie outside their administrative field. Furthermore, the use that the institutions could make of their funds for this purpose is fairly strictly conditioned by the primary function of benefit schemes, which, as stated above, is to alleviate the effects of unemployment by granting the unemployed adequate compensation.

Even from the strictly financial point of view, however, there are certain facilities, apparently outside the scope of the scheme, which the unemployment insurance or relief institutions find it to their advantage to provide on their own account, either because they ultimately result in a larger saving in respect of cash benefits or because, although they do not exactly lead to a fall in total expenditure, they nevertheless allow of giving employment, if only temporarily, to a certain number of the unemployed. These facilities are of two kinds. The first are intended to facilitate

access to openings for employment already in existence on the labour market, and so to reduce the number of persons to be relieved; such are the placing of the unemployed, the transport facilities granted to them in certain cases, occasionally the granting of the tools or other equipment for lack of which they might fail to get a job, vocational guidance and vocational retraining. The second are intended to "create" additional openings, using for this purpose the benefits to which the unemployed are entitled. This is described in Germany as "productive relief".

### PLACING

The organisation of placing meets a need of the labour market, and indeed, a general economic need, and is not called for solely in connection with unemployment benefit schemes. But it is equally certain that no such scheme can work satisfactorily unless there is an efficient employment exchange system. The collaboration of the exchanges is, in fact, indispensable for testing the involuntary nature of the unemployment, on which the granting of benefit depends. Thus where there were no public exchanges able to test the unemployed by offering them vacant jobs, the early trade union unemployment funds had to organise their own placing services. Another point is that as a rule every unemployed worker successfully placed means one less in receipt of benefit, which suggests that the unemployment funds are the first to have an interest in the efficient working of the placing system. This is why in every country close collaboration has been established between the various unemployment funds and the public employment exchanges. In certain national systems of compulsory insurance, e.g. in Austria, Germany, and Great Britain, the public employment exchanges have even been made responsible for administering unemployment insurance.

The question how far the unemployment benefit scheme should bear the cost of placing is certainly less complex in practice than in theory.

In *Germany* the cost is borne entirely by the Unemployment Insurance Fund, even when the person placed is not in receipt of benefit, and his placing therefore involves no immediate saving on benefits. In addition the employment exchanges as such are at the service of both employers and workers; it has therefore been considered reasonable that these should share the cost, and the administrative solution that appeared simplest has been to cover it out of unemployment insurance contributions.

In *Austria*, too, the employment exchanges are for the most part responsible for the administration of unemployment insurance, the method adopted



being practically the same as that in Germany. In a general way the Austrian Act assumes that four-ninths of the expenses of the employment exchanges are due to the administration of insurance and must be reimbursed by the insurance fund. The remaining five-ninths, apart from any other resources such as communal subsidies, are divided between employers and workers in the form of regional supplements to the unemployment insurance contributions.

In *Italy*, where relations between unemployment insurance and the public employment exchanges are far less close than in the two countries just mentioned, a Decree of 19 November 1931 provides that the cost of the employment exchanges shall be borne three-quarters by the National Unemployment Fund up to a total of 15 million lire; one-tenth by the special Corporations Fund, up to a total of 1 million lire; and the remainder by the National Confederations of Employers and Workers, up to a total of 4 million lire. Thus in Italy, too, employers and workers may be said to pay for the cost of placing, either in the form of insurance contributions or in some other form.

In *Great Britain* the employment exchanges also administer unemployment insurance and in the case of insured workers the cost of their placing is met out of the Insurance Fund. Here, however, employers and workers do not have to bear the whole cost, for insurance is partly financed out of State contributions. The State therefore bears a certain proportion of the cost of placing, which may be considered reasonable if placing is regarded as forming part of the general services of the community.

In most other countries, and especially those with voluntary insurance systems, this latter conception still prevails, and it is usually the public authorities that meet the cost of placing.

## TRANSPORT FACILITIES

It will often happen that an unemployed worker is found a job in another locality but that he has no means of going there, so that the work of the employment exchange may be wasted. In this case the unemployment funds may find it to their advantage to advance to the worker all or part of his travelling expenses rather than to continue paying him benefit. By doing so the funds are also acting in the general interest, which requires as rapid an adjustment of the labour market as possible. Several laws make provision for a travelling allowance in the form of a loan or a grant.

In *Austria*, under the Decree of 15 May 1922, the unemployment institutions may issue to their members a certificate serving as a free pass on the Federal Railways. The Minister of Social Administration reimburses the railways out of the unemployment insurance budget. This facility, however, may be granted only to unemployed workers belonging to the occupations designated by the district industrial commissions. In no case can it be granted to agricultural workers or domestic servants. A Decree of 2 April 1927 regulates the travelling allowances for unemployed workers who are found employment abroad and whose future employer declines to pay for their journey. In this case the worker may be granted not only his fare but also a maintenance allowance. Although as a rule this facility applies only to journeys in Europe; in the case of oversea emigrants the fare to the port of embarkation may be paid. The Unemployment Fund may itself pay part of the cost of the journey to the place of destination if the unemployed worker needs only a small sum for the purpose.

In *France* the Decree of 9 September 1905 provides that a State subsidy may be claimed by those voluntary insurance funds which assist their unemployed members by paying their travelling expenses.

Under sections 132 to 134 of the *German Act*, the chairman of the employment office may defray part or all of the expenses of the journey if the worker has been found a job in another district, as also of the journey of his family, unless it is customary for the employer to meet these expenses. The same regulation applies if an unemployed worker is found work in a neighbouring country, but in that case the travelling allowance from the frontier station must be authorised by the chairman of the State employment office, whose consent is also necessary in every case where the allowance exceeds a certain multiple of the daily benefit. As long as the unemployed worker is unable to send for his family to join him at his new place of work, the chairman of the employment office may decide whether they shall continue to receive all or part of the family allowance. Finally, if a group of workers leaves for another district, a leader may be sent with them at the cost of the Federal Institution for Employment Exchanges and Unemployment Insurance.

In *Great Britain* the fares of applicants needing assistance to enable them to travel to take up employment at a distance obtained through the employment exchange may be advanced as a loan repayable either by the workman or by his prospective employer. Fares may also be advanced in certain circumstances to enable workers to proceed to employment found otherwise than through the exchanges. In the case of insured persons who satisfy the main contributions condition for the receipt of unemployment benefit, one-half of the amount by which the cost exceeds 4s. is paid from the Unemployment Fund. Certain special facilities, including advance of fares to persons who satisfy the exchanges that they have good prospects of obtaining work in another area, and assistance to workpeople desiring to move their families and household goods to an area where they have found employment, are granted to persons living in the areas where unemployment is heaviest.

In *Spain*, under the Decree of 30 September 1931, the "solidarity fund" is to be used primarily to pay the travelling expenses of the unemployed.

In *Yugoslavia*, by the Legislative Decree of 26 November 1927 and the Regulations of 16 January 1926, travelling expenses may be refunded to unemployed persons seeking work in other districts, returning to their homes, or travelling for health reasons, not more than twice a year. The maximum amount payable is 50 per cent. of the railway or steamer fare, or 200 dinars, whichever is the smaller.

## SUPPLY OF TOOLS AND CLOTHING

Another cause which often prevents unemployed workers from accepting employment offered to them is the lack of necessary tools and clothing.

The *German Act* provides in section 135 that if an unemployed worker is prevented from taking up employment of considerable duration by lack of the necessary working outfit, the chairman of the employment office may supply him with this equipment either by way of a loan or as a grant, it being understood that it is not of a kind ordinarily furnished by the employer. According to a circular of the Federal Institution, the chairman of the employment office must refer the matter to the chairman of the State office if the expenditure involved exceeds thirty daily benefits.

In *Great Britain* tool kits and clothing are provided in necessitous cases out of public funds to enable workmen who have attended Government training centres to take up employment on leaving the centre. Clothing is also provided in necessitous cases to enable workmen transferred from

those areas in which unemployment is heaviest to take up employment found for them by the employment exchanges in other districts.

## VOCATIONAL GUIDANCE

The question of vocational guidance often enters into placing operations, especially in the case of young persons who have not yet learned a trade. For them account must be taken on the one hand of the prospects in different occupations, and on the other of their personal qualifications. In this way it is possible to avoid false starts and subsequent giving up of the job, and perhaps also prolonged periods of unemployment. An examination of qualifications is needed for the same reasons when the question arises of retraining unemployed workers who owing to the situation in the industry in which they have been employed are unlikely to find further employment there. Although in certain countries vocational guidance institutions are still separate from the public placing service, there is a strong tendency to connect the two.

In *Austria*, expenditure incurred by the district industrial commissions in respect of vocational guidance is met under section 20 of the Act by local supplements to the unemployment insurance contributions.

In *Germany*, the Employment Exchanges Act of 22 July 1922 made it compulsory for the employment exchanges to undertake vocational guidance and the placing of apprentices, if requested by the Federal Employment Board or the State or communal authorities. The same Act made any institutions for vocational guidance and the placing of apprentices working apart from the employment exchanges subject to the supervision of the Federal Employment Board, which might require them to close if they did not conform with the general principles it enunciated.

The Employment Exchanges and Unemployment Insurance Act of 16 July 1927 established an organic connection between vocational guidance and placing. According to section 58, the aim of the employment exchanges is to fill vacancies as far as possible with suitable labour. For this purpose the special conditions of the vacancies on the one hand, and the industrial and physical qualifications, personal and family circumstances, and period of unemployment of the applicant on the other hand, must be taken into account as far as the state of the labour market admits. With regard to vocational guidance, account must be taken on the one hand of the physical and intellectual qualifications, the inclinations and the economic and family circumstances of the applicant for advice, and, on the other hand, of the state of the labour market and the prospects in various trades. Vocational guidance must subordinate the interests of special trades to general economic and social circumstances. The same Act prohibits the carrying on of vocational guidance for gain and requires the Federal Institution for Employment Exchanges and Unemployment insurance to supervise organisations for vocational guidance which are not carried on for gain and are not connected with the employment offices. Exemption from this supervision is allowed only in the case of legally recognised trade associations which confine themselves to giving information and advice on specific trades. In actual fact, vocational guidance is at present practically all in the hands of the employment offices subordinate to the Federal Institution which also work in close collaboration with the schools. There are besides certain institutes that study problems of vocational guidance from the scientific

point of view, but in any practical work in which they may engage they collaborate closely with the employment offices.

In *Great Britain*, the Labour Exchanges Act of 1909 authorised the establishment, on the initiative of the Board of Trade, of local juvenile advisory committees, consisting of representatives of the education authorities, industry, labour, the teaching profession, and other bodies interested in the welfare of young persons. The function of these committees was to give advice with regard to the management of employment exchanges situated in their district in relation to juvenile applicants for employment. The Education (Choice of Employment) Act of 1910 empowered the local authorities to take steps, subject to the approval of the Board of Education, for assisting boys and girls of under eighteen years of age in their choice of an employment by supplying information and advice. The bodies set up under this Act are known as juvenile employment committees. It thus happened that sometimes both types of institution were to be found in a district, the first subordinate to the Board of Trade (the Ministry of Labour since its creation in 1917), and the second to the Board of Education. This gave rise to administrative difficulties, with the result that an Order was issued in 1927 placing the committees under the Minister of Labour. At present, vocational guidance is in some districts in the hands of the juvenile employment committees. In most districts, the employment exchanges themselves are responsible, usually assisted by juvenile advisory committees.

### VOCATIONAL TRAINING

It also frequently happens that unemployed workers are unable to obtain employment owing to the lack of suitable vocational training or because there is no immediate prospect of employment in their ordinary calling. In several countries an attempt has been made to remedy this defect by providing for vocational training for unemployed workers, or for their retraining. As explained in Chapter III, the unemployed are generally bound to participate in such schemes, and refusal may entail the loss of benefit.

Section 7 of the *Austrian* Act provides that if it appears that an unemployed person cannot be found suitable employment because he lacks sufficient knowledge and skill for work in his own or another suitable trade, the unemployment office may, with the consent of the district industrial commission, send him to a trade school, an undertaking or some other suitable institution for continued education. The district industrial commissions are thus in a position either to organise courses or workshops of their own, or to require the unemployed to attend courses in other institutions, or finally to place them in private undertakings so that they may complete their training. During the last few years, in order to facilitate the return of the unemployed to agriculture, especially industrial workers of peasant origin, use has sometimes been made of the unemployment benefits to pay bonuses to farmers who are prepared to engage unemployed workers. The cost of the measures for vocational education and retraining is divided equally between employers and workers in the district in the form of a supplement to the unemployment insurance contributions.

An unemployed person in receipt of benefit who refuses to follow the directions concerning training or through his own fault renders them nugatory is deprived of benefit for a period of twelve weeks. Attendance is thus compulsory, but the Act also promotes it in other ways. Thus the benefit period may be extended for unemployed workers attending a vocational course by not more than thirty weeks above the normal. Unemployed workers of under

seventeen years of age, who as a rule are not entitled to benefit if they have relatives able to support them, may be granted it if they attend a full time course of vocational training.

Under section 137 of the *German Act*, the chairman of the employment office may establish or assist institutions for continued vocational education and vocational retraining out of the moneys of the Federal Institution, or pay the customary school fee for attendance thereat, in so far as these measures are calculated to terminate the unemployment of persons in receipt of unemployment benefit. According to an Order issued by the President of the Federal Institution on 30 September 1927, not only workers in receipt of unemployment benefit, but also unemployed workers who, owing to their youth, have not yet completed the qualifying period entitling them to benefit, may attend such courses.

During the last few years vocational retraining has aimed principally at helping young urban workers in search of agricultural employment. The Federal Institution at present subsidises two centres, founded, one by the Central Employment Office, the other by the Home Colonisation Commission, at which young persons are taught the simplest agricultural jobs during some four to eight weeks. In 1930, 1,430 young men of eighteen to twenty-five years of age were found work on farms on completing their course of training.

For industrial retraining the provisions of section 136 of the Act have also been found useful in certain cases. It provides that, if a person in receipt of unemployment benefit has accepted a post in which he cannot attain his normal earnings until he has acquired the requisite skill, the chairman of the employment office may grant him an allowance out of the moneys of the Federal Institution in addition to his remuneration, for not more than eight weeks. The remuneration and the allowance together may not exceed the amount of the normal earnings, and the allowance alone must not exceed one and a half times the unemployment benefit last paid.

A number of general courses of vocational training have been organised with the financial assistance of the employment offices and in collaboration with various local institutions, such as the offices for juveniles, the education authorities, and private associations. In the district of Leipzig alone, for instance, the number of courses in 1930 was over 200 and they were attended by over 6,000 young unemployed workers. As a matter of fact, however, these courses were organised less in the hope of making it easier to find work for the unemployed, a task that the aggravation of the depression is making more and more difficult, than as a means of protecting young persons against the demoralising effects of unemployment.

In *Great Britain* the measures for the vocational education and retraining of the unemployed are many and various. Only those for which there is a grant from the Unemployment Fund are mentioned here. Under section 8, subsection 1, of the 1927 Act the Minister of Labour is empowered to make such grants towards the cost of attendance of the unemployed at approved courses of instruction. The grants may be made not only in respect of unemployed workers in receipt of benefit, but of any other person not under sixteen years of age normally employed, or likely to be employed, in an insurable occupation. Whereas the 1927 Act authorised grants out of the Unemployment Fund only for persons between sixteen and eighteen years of age, an amendment introduced in 1930 extended the authorisation to cover any person who has attained the age for entry into insurance and is under twenty-one years. The grant must not exceed 50 per cent. of any amount which may be paid by the Government for the same purpose out of moneys provided by Parliament.

British legislation provides for several kinds of educational centres. Those intended solely for young persons of under eighteen years are organised by the education authorities. Certain criteria have to be satisfied before an education authority can get a grant from the Ministry of Labour. If reserved for one sex, they may claim a grant provided that within a radius of five miles there are not less than fifty unemployed young persons of the sex in question, thirty-five of whom are in receipt of benefit. For the mixed centres the conditions of the grant are the same with the substitution of forty for thirty-five and provided that there are at least twenty unemployed of each sex in the

district, of whom sixteen are in receipt of benefit. If the conditions for setting up independent centres are not fulfilled, classes for the unemployed may still be organised if there is an existing institution available in the day time for the purpose and provided that within a radius of five miles there are not less than twenty-five wholly unemployed juveniles, each of whom has been out of work for a period of twelve consecutive working days; of these at least sixteen must be claimants and there must be good reason for expecting the balance to attend. The period of instruction in these centres and classes is probably well over three weeks. Their object is to maintain the working capacity of unemployed boys and girls by means of suitable manual work, physical exercises, instructive and interesting lessons and literature. In 1931 the number of centres and classes numbered 161, and the number of unemployed boys and girls who attended was 143,900.

The centres for adults are of two kinds: Government training centres and transfer instructional centres, both intended for unemployed men. There are also training courses for women, but these are not entitled to a grant out of the Unemployment Fund. In the Government training centres the unemployed are trained during six months for a specified trade. The object of the transfer instructional centres, on the other hand, is to counteract the physical and moral effects of prolonged unemployment. Here the courses average twelve weeks. At the end of 1931 there were ten Government training centres and six transfer instructional centres. The number of men admitted to each type of centre up to the end of 1931 was 32,705 and 20,803 respectively. Some of the centres provide board and lodging.

In *Spain* the Decree of 30 September 1932 makes a similar provision, to the effect that money may be granted out of the "solidarity fund" to pay for the retraining of the unemployed.

The *Italian* Act provides in section 66 that the National Unemployment Fund may contribute towards expenditure on courses likely to reduce unemployment by training workers for industries suffering from a shortage of labour. It also provides that unemployment benefit may be withdrawn from workers who refuse to attend such courses.

Finally, the Act of the State of *Wisconsin*, although it does not make it compulsory for unemployed workers in receipt of benefit to attend courses of vocational training, encourages them to do so by providing that an additional benefit of \$1 per week may be paid to unemployed workers who voluntarily attend courses organised at public expense.

## EFFORTS TO CREATE EMPLOYMENT

Whereas the measures described above aim at a better adjustment of the labour market by facilitating access to existing openings for work, "productive relief" is intended to create additional openings. This is effected chiefly by organising relief works in periods of unemployment. Leaving out of account the important part played by public works in general in the campaign against unemployment<sup>1</sup>, the present survey will cover only the unavoidably rather modest part that the unemployment insurance institutions can play in the organisation of public works.

Public works organised through the medium of the insurance

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<sup>1</sup> This problem is discussed in a special report prepared by the INTERNATIONAL LABOUR OFFICE: *Unemployment and Public Works*. Studies and Reports, Series C, No. 15. Geneva, 1931.

institutions are usually known as relief works because they are intended more particularly for the purpose of giving work to the unemployed<sup>1</sup>. Besides the public works that are needed for urgent reasons and cannot be postponed, there are always others whose value to the community is unquestioned but which the competent authorities hesitate to undertake at the moment for financial reasons. The encouragement that the unemployment insurance institutions can give, for instance, in the form of subsidies to unemployed workers engaged on such works, is sometimes sufficient for a decision to organise them without delay. As a rule it is provided that the subsidies so granted must not exceed the total saving on benefit effected by the unemployment funds in consequence of the work found for the unemployed.

“Productive relief” has been regulated in great detail in Austria and Germany.

In *Austria* works of public utility on which the unemployed in receipt of benefit can be employed may be subsidised by the unemployment insurance fund, provided that they would probably not be organised without such financial assistance. The amount of the subsidy is based on the total amount of benefit which would presumably have to be paid to the unemployed persons engaged on it if the work were not undertaken. As a rule it is granted only to public bodies: a province, district or commune. The subsidy may take the form of a loan or a grant. It may not exceed in amount one-quarter of the annual expenditure on unemployment insurance. Unlike the German law, which provides that normal wages shall be paid to unemployed workers on relief works, the Austrian Act stipulates that the earnings of the workers shall be sufficiently low to eliminate the incentive to move from other occupations. The reason is that the Austrian Act regards relief works only as one of the forms of unemployment benefit. According to section 30, if an employer, in order to prevent considerable unemployment, refrains from terminating contracts of employment during a period of complete or partial closing down of his undertaking due to economic depression, he may be repaid part of the consequent charges. The amount repaid may not exceed the total amount of the statutory unemployment benefit which would have been due to the workers and employees whose contracts of employment are maintained. It appears that the few attempts to apply this section have not yielded appreciable results.

In *Germany* the Federal Institution for Employment Exchanges and Unemployment Insurance is empowered to subsidise works of economic utility undertaken by public bodies, mixed public and private undertakings, and private undertakings, provided that they are not carried on for purposes of gain. The principal kinds of work undertaken are agricultural improvements, protection against flooding, drainage schemes, power works (especially water power installations), the laying of gas mains, and road building; and, for preference, it must be work requiring a large proportion of labour. The Institution subsidy is granted only in respect of unemployed workers in receipt of benefit engaged on the works and may not in principle exceed the saving on insurance benefits.

To simplify the administration, the Act provides, however, that an average subsidy of not more than 3 RM. per day may be paid even if the benefit to

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<sup>1</sup> No reference is made to relief works that have no financial connection with an unemployment benefit scheme.

which the individual unemployed workers are entitled differs slightly from this figure. In the case of works providing more than 2,000 working days, a subsidy of the State on whose territory the work is carried out, and possibly a Federal subsidy, may be added to that of the Institution for Employment Exchanges and Unemployment Insurance. The Federal and State subsidies must bear a certain relation to the Institution subsidy, and altogether may in no case exceed four times the total saving on benefit, or 80 per cent. of the total cost of the works. The subsidies may take the form of loans or grants. In practice, those made by the Unemployment Insurance Institution are usually grants. Those made by the State and the Federal Governments take the form of loans repayable within a period of fifteen years on an average. In order that as many unemployed workers as possible may be engaged on the relief works, the law provides for a system of quarterly rotation, and the engagement of an unemployed worker for more than three months may be allowed only by way of exception.

From the legal standpoint an unemployed worker engaged on relief works retains the normal status of a worker, especially as regards social insurance. In two respects only does his status differ from that of the ordinary worker. In the first place, the employment office may recall him at any moment to replace him in ordinary employment; secondly, he may be paid at a lower rate than that fixed by collective agreement or custom if the State employment office so decides. As a rule, however, his remuneration must be at the normal rate, and the employment offices make use of their power only in certain cases, such as when the wages fixed by the ordinary collective agreement are substantially higher than those previously earned by the worker in his own occupation, or when he comes from another trade and his output does not reach the average that would normally be required.

For employment on relief works preference is given to workers who have been unemployed for a considerable time. This applies in particular to unemployed workers in receipt of emergency benefit and those assisted by the communal authorities. For unemployed workers in these two categories it is not the insurance fund which grants the subsidy but the emergency fund or the communal relief fund, although both act through the employment offices. Even if only temporarily, relief works mean that the unemployed workers engaged on them can be sure of earning a fixed sum which is generally at the normal rate of wages. For the administration of unemployment insurance the works have the further advantage of allowing a test of the unemployed workers' willingness to work, for the latter may no more refuse employment on relief works than any other suitable employment, on pain of forfeiting their benefit.

During the last few years most of the relief works have been organised with subsidies from the Federal Institution for Employment Exchanges and Unemployment Insurance, the States, and the Federal Government. The financial difficulties encountered by the Federal Government and the States are proving, however, an increasing obstacle to the execution of relief works. The credits for this purpose included in the Federal budget between 1926 and 1928 averaged 100,000,000 RM., but had to be reduced to 45,000,000 RM. in 1930. At the same time the number of unemployed engaged on relief works, which had been 128,974 (annual average) in 1926, fell to 32,085 in 1930. In view of this situation a Limited Company for the Promotion of Relief Works was set up in 1930 and made subject to Federal supervision. The fairly substantial loans granted by the Federal Government in previous years for the execution of relief works were credited to the company, which must use the reimbursement of these loans for the promotion of new relief works. In addition it must try to mobilise its assets, which cover a certain number of years, by the issue of loans. Hitherto the unsatisfactory state of the capital market has hampered such issue. From its foundation on 1 August 1930 up to the end of 1931 the company was able to grant subsidies up to a total of 72,150,000 RM. In 1932 it is estimated that it will be able to supply about 30,000,000 RM. To these Federal subsidies should be added some 20,000,000 RM. granted by the Federal Institution for Employment Exchanges and Unemployment Insurance. The sums are relatively small, and this, combined with the fact that the States hardly seem in a position to contribute



as in the past to the financing of relief works, suggests that the number of unemployed engaged on such works will remain at a very low figure<sup>1</sup>.

A new form of productive relief, that of "voluntary labour service", was introduced by the Legislative Decree of 5 June 1931. In order that this service may be subsidised by the Federal Institution, the works in question, like relief works, must be of general utility and must be works which without the subsidy would probably not have been undertaken. In several respects, however, voluntary labour service differs from relief works. In the first place, because the work is strictly voluntary, a refusal to participate does not entail the loss of benefit. Further, the workers who undertake such service do not normally regain their ordinary legal status. Thus, voluntary service is not covered by unemployment insurance and is therefore not reckoned in calculating the qualifying period; and whereas unemployed workers engaged on relief works are entitled in principle to normal wages, the remuneration of a voluntary worker does not as a rule exceed the subsidy granted by the Federal Institution. This subsidy is 2 RM. per day for each unemployed worker in receipt of benefit who is employed as a voluntary worker. It may be granted for a period of twenty weeks even if in the meantime the worker has exhausted his right to benefit, and in most cases it takes the form of a lump sum granted to the associations of which the workers are members, the association undertaking to provide for them collectively. The subsidy may also be granted in respect of unemployed workers not in receipt of benefit, but in that case it is the Federal Government which pays it. By a Decree of 25 May 1932 the Minister of Labour has authorised the payment of the subsidy during not more than forty weeks for any unemployed worker of under twenty-five years of age employed as a voluntary worker. The additional cost entailed by this Decree will not be met, however, by the Federal Institution.

The principal object of voluntary labour service is to counteract the demoralising effects of unemployment on young persons. The voluntary workers are grouped either in associations formed *ad hoc* or by youth organisations, denominational organisations, sports associations, trade unions of workers or salaried employees, etc. The work done is generally executed on behalf of a commune, province, State, municipal association, or co-operative society. By the middle of 1932 the number of voluntary workers was about 50,000.

Finally, reference should be made to the campaign organised under the Legislative Decree of 6 August 1931 for the creation of small suburban farms for unemployed workers in industry. The Federal Institution for Employment Exchanges and Unemployment Insurance does not directly finance this kind of work, but the unemployed who cultivate these plots of land may continue to receive unemployment benefit during the whole period of their claim.

The principle so clearly established in the German and Austrian laws, of not using unemployment insurance moneys for organising relief works unless the works result in a saving on benefits, is less evident in other laws.

The *Italian* Decree of 30 December 1923 provides in section 16 that the unemployment insurance fund may make advances to local authorities which propose to carry out works of public utility, but it does not specify the amount of the advance per unemployed worker engaged. It should be added that these advances must be repaid within two years. The question does not arise in quite the same way when, as in *Belgium*, for instance, the subsidies for the execution of relief works are granted, not out of funds derived from the insured persons' contributions, but out of emergency funds which derive their money principally from the State, or when, as in *Denmark*, they are drawn from the special unemployment funds, which are financed solely by contributions from employers. The Danish Act defines relief works as works organised with a view to relieving unemployment which in other circumstances would

<sup>1</sup> Cf. the report of the "Deutsche Gesellschaft für öffentliche Arbeiten" for 1931.

not have been undertaken at all or at any rate not at that time. As regards the remuneration of the unemployed on relief works, the Act provides that it must be fixed in such a way that on the one hand the unemployed find it to their interest to take up such work rather than to continue to receive benefit, but that on the other hand they find it more advantageous to seek employment elsewhere. For this reason it is provided that the organisers of relief works must pay the current wages fixed by collective agreement or custom, but that these must be reduced by 15 per cent., which is paid into the unemployment funds.

In *France*, a Decree of 16 September 1932 authorises the Minister of Labour until 31 December 1932 to pay the State subsidy, under certain conditions, in aid of wages paid to persons registered at an unemployment relief fund who are employed on special relief works organised by a commune. The subsidy is paid in respect of a part of the wages not exceeding the maximum benefit to which the State contributes (see page 151), and in any case must not be greater than 60 per cent. of the wage. The subsidy is not paid in respect of the wages of unemployed persons who are employed in their usual occupation in connection with these works.

In *Sweden* the credits included in the national budget for combating unemployment are intended above all to organise and promote relief works, and only secondarily to relieve unemployed workers in a state of need, in the form of supplements to the benefit paid by the communes. Similarly, the funds set up in 1930 and in 1931 in several *Australian States* and in *New Zealand* and the credits included for the same purpose in the *Canadian* budget have been used very largely to organise relief works. But the increase in the number of unemployed and the fact that, as compared with benefits, pure and simple, relief works constitute a relatively costly form of assistance, have led the competent authorities in certain cases to attach more importance to the granting of benefits in money or in kind. The relative importance of these two forms of assistance is discussed in Chapter V.

In *Portugal* a Decree of 19 September 1932, while maintaining the principle of the system of unemployment benefits hitherto in force, provides that these benefits shall not in future be paid directly to the unemployed persons, but shall be paid in the form of subsidies in aid of wages. Unemployed persons will receive benefit only if they are employed either on public works provided for by the Decree or in private undertakings which desire to engage them and consequently to contribute to their pay.

In order to take advantage of these provisions, manufacturing establishments of the State and private undertakings which have been in existence for more than a year must send a request to the Unemployment Department set up by the Decree in the Ministry of Public Works, stating the number of persons employed by them either permanently or temporarily since 1 January 1932, and specifying the kind of workers, their wages, and the number of hours of labour worked. The Department then determines, in accordance with these data, the monthly number of working days which may be considered as normal for the undertaking in question. For the period in which the number of working days actually worked by the undertaking, including those of the unemployed persons engaged, exceeds the quota fixed by the Department, the latter will repay to the undertaking each month 50 per cent. of the wages or salaries of the unemployed persons engaged by the undertaking. This repayment is called a benefit. The wages and salaries are fixed in accordance with the usual rates. The number of days of work in respect of which each unemployed person may receive benefit is fixed in the first place at three per week. The public works provided for by the Decree are to be carried out by different administrative bodies, the wages of unemployed persons engaged on them being paid by those bodies and by the Unemployment Department, the respective shares varying in each case.

## § 2. — Cash Benefits and Benefits in Kind

In the same way as a sickness insurance scheme is chiefly intended to assist the insured to recover their health, the main object of

unemployment insurance is becoming more and more that of providing for reabsorption into employment. Until health is restored, however, or more exactly with a view to its restoration, assistance is required; similarly, until employment has been obtained, it is necessary to make up for the loss of wages and to provide for the maintenance of unemployed workers and their families. This is the function of unemployment benefit.

### VARIATIONS IN THE RATE OF BENEFIT

Most laws, instead of fixing the rate of unemployment benefit on a uniform basis, provide for variable rates corresponding to the categories of persons insured. For this purpose various factors are taken into account, all of which, with a single exception, are connected more or less directly with the supposed needs of the unemployed. This differentiation is seen to be quite natural when the social aspects of an unemployment benefit scheme and the principle of threefold contributions on which it is generally based are considered. A method that would not be legitimate under a private system of insurance based on contract, where the amount of benefit is calculated exclusively on contribution rates, can be justified under a system of social insurance, where the interests of the community transcend private interests.

Variations based on the rate of contributions are nevertheless still found under certain laws, combined, it is true, with other important factors, such as age, sex and the rate of wages, which themselves determine differences in the rate of contribution.

Thus, under British law there are different rates of benefit for the classes of adult men and women, young persons, and boys and girls, for whom also different rates of contributions are in force. In Germany and Italy too, the rate of contribution enters into the variations in the rate of benefit, but that rate depends, as will be shown later, on the wages earned.

Under the various voluntary insurance schemes there are sometimes considerable differences between the rates of benefit fixed by different funds. In addition to the degree of risk of unemployment for the members of each fund, who generally belong to the same industry or occupation, the rate of contribution—which itself varies from fund to fund—is clearly an important factor in fixing the rate of benefit. But apart from these cases where the contribution rate is a factor, all the other elements affecting the variation of unem-

ployment benefit are more or less closely connected with the needs of the unemployed. The influence of age, sex, civil condition, the income of the unemployed worker, the cost of living at his place of residence, and, finally, his normal wages, will be considered in turn in this connection.

#### RELATION BETWEEN AGE AND RATE OF BENEFIT

Under various unemployment insurance laws age constitutes, either independently or in connection with contribution rates, a differential factor in calculating benefit. The assumption is, generally speaking, that the requirements of an unemployed person are not so great below a certain age. Such a provision would not always appear to be equitable, however, for a worker even in early youth may be wholly or partly responsible for the maintenance of his family; in such cases, mere age does not constitute a legitimate reason for differential treatment.

It will be seen in fact that these laws in which the difference in the rate of benefit is based on age are comparatively rare. The most typical example is the British law, which provides eight different rates of benefit according to the age and sex of the worker <sup>1</sup>.

#### RELATION BETWEEN SEX AND RATE OF BENEFIT

The intervention of sex as a factor in differentiating between rates of benefit, though difficult to justify when the workers pay the same contributions, may be regarded as legitimate when men and women pay different rates of contribution. Furthermore, whether the idea be really well founded or not, it is sometimes held that the economic needs of women are less than those of men. It should also be noted in this respect, as already pointed out in connection with age, that differential treatment of men and women can in no case be justified when the woman is responsible for the maintenance of a family.

In Germany, where in principle the rates of benefit are the same for men and women, this equality of treatment is modified by a

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<sup>1</sup> It should be observed, however, that young persons with family responsibilities are treated as adults and receive the adult rates of benefit.

provision of the Legislative Decree of 5 June 1931 under which a married woman must prove her need before being able to claim benefit.

In Great Britain, on the contrary, the benefit paid to women is lower than that paid to men, the amounts being 13s. 6d. and 15s. 3d. per week respectively. This system is justified at least financially, however, by the fact that the contributions for the two are different.

#### RELATION BETWEEN FAMILY RESPONSIBILITIES AND THE RATE OF BENEFIT

Under all unemployment insurance laws, except the Italian, unemployment benefit rates vary according to the *de facto* or *de jure* civil condition of the unemployed worker. It will be readily appreciated that the economic needs of an unemployed worker vary according as he is married or unmarried, and especially according as he has a family or is childless; and in view of their essentially social character, unemployment insurance laws have naturally been led to take this factor into account.

Two main systems are at present in operation; the one more commonly applied provides for additional unemployment benefit in the shape of family allowances paid in respect of the wife or unmarried partner of unemployed workers and their children. The other, without providing for additional benefit, merely stipulates for certain increases in the basic rate of benefit in the case of unemployed workers with families. This is the system under Austrian law and under the Queensland Act in Australia, where the basic rate of benefit for single unemployed workers, whether bachelors or widowers, varies from 14s. to 17s. per week, while for married workers with a wife and family it varies from 24s. to 26s. 6d. per week. Similarly, in the Netherlands and in Poland, different rates of benefit are paid to married unemployed workers with dependants. In Switzerland the Federal Act of 17 October 1924 distinguishes between unmarried unemployed workers and those legally responsible for the maintenance of a family. It provides that the benefit payable to the latter shall exceed that payable to the former by at least 10 per cent. of the normal loss of earnings.

In all the other schemes a system of supplementary allowances is in force, sometimes on a very liberal scale, additional benefits being paid not only in respect of the wives and children of

unemployed workers, but also of other near relatives dependent on them, and sometimes of an unmarried partner.

Under German law, family allowances are added to the basic rate which vary according to the wage category of the unemployed worker and the cost of living in his commune of residence. In Queensland the additional allowance, which varies between 4s. and 5s. per week, applies only to children under sixteen years of age. In Belgium the regulations of the National Emergency Fund provide for the payment of a supplementary allowance of 3.50 francs per day for wives keeping house, plus 3 francs per day in respect of each child under fourteen and of each child of fourteen to sixteen while attending school or if physically incapable of work; the principal benefit, together with the allowance, however, may not exceed two-thirds or three-quarters of the original wages according to the number of children.

Allowances are also paid in France in respect of a husband or wife, young children, and parents or grandparents if they are dependent on the unemployed person. The maximum allowances, added to the benefit paid to the claimant himself, are fixed. Moreover, with regard to benefits paid by the public unemployment relief funds, this maximum must not exceed 50 per cent of the wages received by the unemployed person, apart from the family allowances payable.

In Great Britain the Act provides that the weekly rate of benefit shall be increased for heads of families by 8s. per week in respect of each adult dependant and by 2s. per week in respect of each child.

In Poland the benefits vary between 30 and 50 per cent. of the unemployed worker's wages according to family responsibilities.

In Switzerland the Act of 17 October 1924 (section II (b)) provides that benefits payable to members of unemployment funds who are legally responsible for the maintenance of a family must as a rule be higher than those paid to unemployed workers not supporting a family by 10 per cent. of the normal loss of earnings.

#### RELATION BETWEEN THE FINANCIAL RESOURCES OF THE UNEMPLOYED AND THE RATE OF BENEFIT

Certain unemployment insurance laws take the potential financial resources of the unemployed into account in fixing the rate of benefit. Some laws go even further and make not only the rate of benefit, but its actual payment, depend on a state of want or

destitution in the unemployed worker. Leaving aside the cases where the absence of want or destitution is regarded as a reason for complete refusal to pay benefit<sup>1</sup>, it will be sufficient here to consider those where benefit is reduced proportionately to the income or property of the unemployed worker.

Such cases are specifically dealt with, for instance, under the German Act, which provides that certain pensions, enumerated in section 112, to which the unemployed worker may be entitled must be deducted from the benefit. Some of these pensions, however, especially war pensions, are taken into account only to the extent that they exceed 15 RM. a month. The income of the unemployed worker's wife is similarly deducted from his benefit to the extent that it exceeds 35 RM. per week, but only if he has not more than one other dependant. Furthermore, if an unemployed worker earns an income from a "petty employment", that is to say, one which according to the Act does not change his status as an unemployed worker, this income is deducted from his benefit to the extent that it exceeds 20 per cent. of the latter, provided that the sum so deducted does not exceed half the difference between the benefit and the income derived from the occupation. It is also provided that in this case the worker's earnings and his benefit together may not exceed one and a half times the benefit to which he would have been entitled if he had been wholly unemployed.

In Belgium insured persons who have exhausted their claim to benefit from the primary fund and wish to claim an allowance from the National Emergency Fund must make a declaration of their financial resources. Provision is made for the possibility of reducing this allowance by the amount of the weekly earnings of the unemployed worker's household, which, if they exceed a specified sum, deprive him of any claim to an allowance.

#### RELATION BETWEEN THE COST OF LIVING AND THE RATE OF BENEFIT

Fluctuations in the cost of living from one part of the country to another are sometimes held to justify variations in the rates of unemployment benefit. In this case, too, differentiation is based on the conception of actual needs. A system of this kind

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<sup>1</sup> This question is dealt with in Chapter III.

is now in force for instance in Germany, Queensland, and the Netherlands. In Germany there are three different scales of benefit in force, respectively, in large cities, towns with a population over 10,000, and localities with a population of under 10,000. The rates of benefit are different in each of these groups and are further differentiated according to the basic wages of the worker. In Australia, the Queensland Act similarly subdivides the State into three districts, a southern, a central and a northern, for unemployment insurance purposes, and each district is divided into two subdistricts. The rate of benefit is lowest in the first district and highest in the third. In the Netherlands, too, there are three categories of communes according to the cost of living.

#### RELATION BETWEEN WAGES AND THE RATE OF BENEFIT

The normal wages earned by the unemployed worker when last employed enter into the determination of the rate of benefit in two ways. With the idea that higher wages entitle the worker to higher benefit, some laws have established a scheme under which benefit is automatically adjusted to wages. This is, for instance, the case in Austria, Germany, Italy and Poland.

In Austria workers are grouped for insurance purposes into wage classes, the number of which has been increased on several occasions in accordance with increases in the rate of benefit. There are at present ten such classes, the highest of which includes all wages over 36 schillings per week, and different rates of benefit correspond to each. Under the regulations now in force the weekly benefit corresponding to the highest wage class varies between 16.40 and 24.50 schillings per week according to the number of dependants.

In Germany, insured persons are for this purpose grouped into eleven wage classes, the first of which includes wages up to 10 RM. per week and the eleventh those of over 60 RM. per week. For each class a basic wage is fixed, on which the benefit is calculated. This basic wage ranges from 8 RM. per week in the first class to 63 RM. per week in the highest class. It should be noted, however, that the adjustment of benefits to wages for which the German regulations provide has to a great extent been suspended by a Decree of 16 June 1932, amalgamating several of the wage classes, in particular the three highest, and fixing the same rates of benefit for them.



In Italy the Royal Decree of 30 December 1923 provides for three wage classes, to which different rates of benefit are payable. The first, comprising wages not exceeding 4 lire per day, entitles contributors to a daily benefit of 1.25 lire; the second, covering wages between 4 and 8 lire per day, gives the right to a daily benefit of 2.50 lire; and the third, covering all wages exceeding 8 lire per day, gives the right to 3.75 lire per day.

In Poland, too, benefit varies according to wages, but in a more flexible manner than in Austria and Italy. Polish legislation does not establish a certain number of fixed wage classes, but takes the actual wages earned by the worker as a basis for determining the rate of benefit according to his category and the number of his dependants. The benefits vary between 30 and 50 per cent. of normal wages, subject to the proviso that the maximum amount taken into account in calculating the percentage shall not exceed 6 zlotys per day. Temporary regulations introduced on 11 July 1932 fixed new maxima. Now the weekly benefit of an unmarried worker may not exceed 11.80 zlotys and that of a worker with over five dependants 18 zlotys, instead of the 21 and 35 zlotys respectively specified in the original Act.

Whereas the part played by wages in the schemes just considered is a positive one—higher wages entitling workers to higher benefits—there is a second and restrictive way in which they can intervene. For in order properly to fulfil its temporary purpose unemployment benefit must be low enough to discourage unemployed workers from idleness, while being sufficiently high to enable them to meet subsistence requirements for themselves and their families. With this object most laws have fixed a maximum rate of unemployment benefit, expressed either in absolute figures, or more frequently as a percentage of average wages.

In Poland, the proportion of benefit to average earnings is 30 to 50 per cent. for manual workers and 30 to 80 per cent. of the first 560 zlotys of salary for non-manual workers. It is 50 per cent. in France (relief funds), Norway and Queensland and for single workers in Switzerland, where, however, it is 60 per cent. for heads of families. Sixty per cent. is also the maximum in Spain, at least for the calculation of State subsidies. In Czechoslovakia benefit may attain two-thirds of wages, including, of course, the State subsidies. The same percentage applies to the benefits paid by the National Emergency Fund in Belgium. Finally in certain countries, such as the Netherlands for example, benefit may amount to as much as 70 per cent. of wages.

In France, where the relief paid by the public unemployment funds may not exceed 50 per cent. of wages, it is specified that for calculating this percentage account must be taken of the family allowances customary in the occupation and district, as well as the ordinary wages.

#### RELATION BETWEEN DURATION OF UNEMPLOYMENT AND RATE OF BENEFIT

All unemployment benefit schemes define more or less strictly the number of days during which unemployment benefit is payable in a specified period. The gravity and persistence of the economic depression, however, have induced most countries to insert in their unemployment insurance laws provisions concerning exceptionally prolonged unemployment which enable them to extend the benefit period.

A distinction should be made here between the provisions common to all, or nearly all, laws by which the unemployment funds are authorised in periods of emergency to extend for all, or for specified, industries the benefit period under the rules, up to a maximum fixed by the law, and the schemes generally known as "emergency relief", under which workers who have exhausted all their right to benefit under the rules become entitled to additional assistance from the primary insurance institution.

Whereas under the first type of provision, which is found in practice in both voluntary and compulsory schemes, the rate of benefit does not as a rule differ in the initial and the additional period, under the provisions for supplementary relief, on the contrary, the rate of benefit is in many cases lower and its granting is further made conditional on proof of the unemployed worker's need. The reduced rate of emergency relief is explained by the fact that in the great majority of cases the cost of extended benefit is met by the State alone. As an exception to this rule of reduced relief for supplementary benefits reference may be made to the British and German laws, which make no difference in the rates of ordinary and extraordinary benefit, though in the latter case they are considered as maxima capable of reduction according to the state of need of the worker.

The regulations on this subject in the different countries are very voluminous and have become increasingly complex with the frequent readjustments necessitated by the persistence of the

depression and the consequent financial difficulties. A complete analysis will be found in the table at the end of this Chapter.

### BENEFITS IN KIND

Certain unemployment benefit schemes provide for the payment of benefits in kind instead of, or together with, cash benefits, especially in the case of persons who have exhausted their right to benefit under the rules. Benefits in kind usually take the form of foodstuffs and fuel, and may under certain laws replace cash benefits altogether or in part, as, for instance, in Germany, Poland and Yugoslavia.

More often, however, benefits in kind are a supplementary grant and take the place of cash benefits only in respect of additional allowances (emergency relief) unless the worker has reached the final stage of unemployment relief, namely poor relief. Finally, there are countries, like Italy, where a certain amount of relief in kind is granted to workers who also receive cash benefits.

The principal measures on this subject are summarised below.

In *Czechoslovakia* the Ministry of Social Welfare took steps by an Order of July 1930 to grant relief in kind to unemployed workers not in receipt of insurance benefit and to their families. For this purpose vouchers are issued, which are distributed by the communal authorities. Each is worth 5 Kč. The vouchers are issued for a week up to a total value of 20 Kč. for heads of families and 10 Kč. for single workers. They are personal and non-transferable. Preference is given to heads of families and workers who have been out of work for a long time, most of whom are to be found in the textile, iron, and mining industries. The scheme was at first devised merely as an experiment for two months, but has been extended on several occasions and is still in operation. By 31 December 1930 the expenditure involved had reached 13 million Kč.; for 1931 it was 125 million Kč.

In *France* there is a special form of relief in kind, practised in particular in the Department of the Seine. Unemployed workers' landlords are granted a daily rent allowance as an inducement not to evict the workers. Since 1 April 1930 the Department of the Seine and the Municipality of Paris have contributed to communal expenditure under this head. Finally, a certain number of communes have taken steps to organise cheap canteens and other forms of assistance in kind for the unemployed or the children of the unemployed (school canteens, etc.).

Until 1931 the relief in kind granted in *Germany* to the unemployed consisted mainly in the supply of clothing. At present the distribution of this relief by the competent authorities is subject to a Legislative Decree of 6 October 1931, which empowered the President of the Federal Institution for Employment Exchanges and Unemployment Insurance to prescribe that insurance benefits should be paid in kind up to one-third of their amount. According to a circular of the Minister of Labour of 12 October 1931, this relief must be limited to certain articles of prime necessity (bread, potatoes, fuel, etc.), and may be distributed through private traders and co-operative societies.

In *Italy* according to regulations issued at the end of 1930, unemployed workers duly registered at an employment exchange may receive, in addition to their daily benefit, allowances in kind consisting chiefly of foodstuffs (milk, bread, meat, etc.), and sometimes of clothing. These allowances are distributed at home, or in refectories or cheap canteens, or in shops designated by the local *fascio*. The employment exchanges are requested to notify the communal relief committees of any workers who have been unemployed for more than a month and are in a state of destitution.

In *Poland* the organisation of relief in kind, which was decided on by the Council of Ministers on 26 August 1931, was entrusted to a Central Unemployment Committee set up on the same day. In September the Committee estimated that its work would cover over a million persons<sup>1</sup> and would cost 60 million zlotys; the quantity of potatoes to be distributed among unemployed workers in the industrial provinces was estimated at 570,500 quintals. It contemplates the imposition of certain taxes or even the adoption of stricter measures if the following resources prove insufficient:

- (a) a State fund intended for special unemployment relief granted by the local authorities;
- (b) yield of the increase in the income tax;
- (c) yield of special taxes on real estate;
- (d) voluntary gifts in money and in kind;
- (e) goods confiscated by the customs authorities;
- (f) goods collected in kind for arrears of land tax, property tax, death duties and the tax on industry, in the form of rye, wheat, barley, beans, buckwheat, potatoes, coal and firewood. According to an Act of 22 October 1931, governing the collection of these arrears, taxpayers must deliver the goods at their own expense to the institutions indicated by the Ministry of Finance. The coal and firewood must be valued at the prices obtaining on the local market; the beans, buckwheat and potatoes at these prices increased by 10 per cent. These commodities may be used only for the unemployed, and cannot be sold or exchanged for others.

Furthermore, in consequence of negotiations between the Central Committee and industrial and agricultural organisations, the Central Council of Landowners' Organisations has requested owners of property exceeding 50 hectares<sup>2</sup> in area to make a donation of one quintal<sup>3</sup> of potatoes to the unemployed.

Organisations in the sugar industry have offered 1,000 tons of sugar, besides which the Committee has been able to buy further quantities at the export price, or 30 groszy per kilogram. At the beginning of October 1931 the Committee expected to receive about 125,000 tons of coal free of charge or at the lowest possible price.

Only unemployed workers not in receipt of benefit and their families may be granted benefits in kind. They may be called on to work on public works in return for the benefit.

In *Yugoslavia* regulations issued in December 1927 provided that unemployment relief, for which purpose a fund had been set up before that date, could be granted in kind in the form of board and lodging, and could take the place of cash benefits altogether or in part. Six per cent. of the assets of the fund were to be used for creating a reserve fund, whose principal function would be to finance the institutions needed for the administration of benefits in kind.

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<sup>1</sup> According to a statement of the President of the Council, a bare 56,000 out of the 251,500 unemployed registered on 12 September 1931 were in receipt of insurance benefit.

<sup>2</sup> One hectare = 2.471 acres.

<sup>3</sup> One quintal = 220.46 lb.

### § 3. — Duration of Benefit Period

#### NORMAL DURATION

Under nearly all unemployment benefit schemes the number of days of unemployment during which cash benefit is payable is limited more or less strictly.

Based primarily on grounds of economy, restrictions of this kind also make it easier to distinguish after a certain time between workers involuntarily unemployed owing to lack of suitable employment and those who are unemployable owing to physical or moral disabilities, and to transfer the latter to other insurance or welfare institutions.

In attempting to classify laws according to the length of the benefit period, it will be found that the compulsory insurance law which provides the shortest normal period is that of the State of Wisconsin, which grants only ten weeks in the year. The Austrian and Bulgarian Acts come next with twelve weeks, and the Polish Act with thirteen weeks in the year. In Queensland the period is fixed at fifteen weeks. In Italy the Act provides a benefit period of ninety days for unemployed workers who have paid at least twenty-four fortnightly contributions during the twenty-four months preceding the commencement of unemployment, and 120 days if they have paid thirty-six contributions. In Germany the normal period is twenty weeks in the year, and in Great Britain ordinary benefit is granted during not more than 156 days in the year. According to the legislation of the Irish Free State, benefit is payable either during twenty-six weeks or at the rate of one week's benefit for every six contributions paid.

Whereas compulsory insurance laws thus fix a strict maximum for the ordinary benefit period, voluntary insurance schemes do not as a rule include similar provisions. In countries where the insurance is based on State subsidised unemployment funds, however, the regulations governing the subsidies fix a maximum period for the payment of the State subsidy. This is sixty days in a period of twelve months in the Netherlands and Spain, and ninety days in Finland, Norway and Switzerland. In France the State subsidy applies only during 120 days in the twelve months. Danish legislation provides that the number of benefit days during a period of twelve consecutive months must be fixed by the rules of each fund and may not be less than seventy days. If the maxi-

mum has been paid during three or four consecutive years, the worker loses his right to benefit until after a further twelve months, during which he must remain a member of the fund, pay his contributions, and be employed for at least twenty-six weeks. In Luxemburg State intervention is limited to twenty-six weeks in twelve months, and in Czechoslovakia the supplementary allowances granted by the State to unemployed workers belonging to an unemployment fund may be paid only for twenty-six weeks or six months.

Once the maximum is passed, there is nothing in theory, apart from financial limitations, to prevent the funds from continuing the payment of benefit, except in cases, such as that of Spain, where a strict limit is fixed that the funds may not exceed without being entirely deprived of the State subsidy.

It should be observed that certain laws prescribe different periods for certain categories of workers. Thus in Germany and the Netherlands seasonal workers are entitled to benefit only for sixteen weeks and thirty-six days respectively in the year. In Poland the unemployment insurance scheme for non-manual workers fixes a benefit period of six months in the year.

Furthermore, in certain countries the benefit period for workers on short time is subject to special regulation. This is so under German law, which fixes no limit in this case, and under the Wisconsin Act, which grants workers on short time not more than ten weeks of benefit per year as for totally unemployed workers.

### EXCEPTIONAL DURATION

As stated above, however, in most countries the law provides for an extension of the benefit period and limits this exceptional duration more or less strictly.

Thus among compulsory insurance laws the *Queensland Act* provides that the Unemployment Council may if necessary extend the benefit period beyond the statutory fifteen weeks in certain cases of want or destitution.

In *Austria* the district industrial commissions are empowered by the Minister of Social Administration, if the condition of the labour market continues to be very unfavourable, to extend the normal period of benefit of twelve weeks to thirty weeks per twelve months in the case of persons belonging to callings particularly affected, or who, while being willing to work, are in distress. Further, unemployed workers who have exhausted their thirty weeks' right to benefit may, if they obtain employment for at least ten weeks in an insurable industry or occupation, again become entitled to benefit for not more than twelve weeks. By the Eighteenth Amendment to the Act (28 July 1926), during the period of exceptional unemployment workers normally employed for the greater part in an insurable occupation who have

exhausted their right to benefit for the maximum period may, in particularly difficult circumstances, receive emergency relief. This provision, which was described as exceptional, was at first adopted only for a few months but has since been extended by numerous amendments, and most recently by the Twenty-seventh Amendment up to 31 October 1932.

In *Germany* workers who have exhausted their right to ordinary benefit may claim relief for thirty-eight or fifty-one additional weeks according as they are under or over forty years of age.

In *Great Britain* insured workers who have exhausted their right to benefit may receive further benefits if in a state of need, and they again become entitled to ordinary benefit in the following year if they have paid at least ten further contributions.

Similarly, in *Italy* workers who have received benefit for the maximum period of 120 days may again claim benefit in the following year if they have paid at least twelve additional fortnightly contributions.

In *Poland*, too, the Minister of Social Welfare, on the recommendation of the central executive of the Unemployment Fund, may extend the normal period to seventeen weeks if the cost involved can be met out of the Unemployment Fund. The right to the next series of benefits then begins to run one year from the date when the first weekly benefit was paid, provided that the insured person has been employed at least twenty-six weeks during this period in an undertaking subject to compulsory unemployment insurance. If the situation on the labour market continues to be particularly unfavourable, the Council of Ministers may, on the recommendation of the Minister of Social Welfare, grant emergency relief to unemployed workers who have exhausted their right to ordinary benefit and those who have been employed for not more than twenty weeks in an insurable occupation.

The voluntary schemes, too, provide for exceptional extension of the normal benefit period.

In *Belgium* the National Emergency Fund grants workers who have exhausted their right to benefit from the society to which they belong and are in a state of need an extension of benefit up to thirty days in the financial year. If justified by emergency, this period of 30 days may be extended further. As a general rule, such extension is granted only for five periods of twenty-five days each, and in exceptional cases, after an interval of one month, for a last period of twenty-five days.

In *Czechoslovakia* at the expiration of the normal period of twenty-six weeks unemployed workers may receive benefit for a further thirteen weeks. Moreover, according to an amendment of 5 June 1930, those who have exhausted their right to benefit under the rules or who have not yet received benefit may be granted relief during thirteen weeks if persistent unemployment threatens their livelihood and that of their family.

In *Denmark* the funds are authorised in cases of exceptionally serious unemployment in their area to pay benefit for a higher number of days than that fixed by their rules but not for more than seventy additional days. Furthermore, an Act of 23 June 1932 provides that from 1 October 1932 until 1 April 1933 the funds may, by way of exception, double the number of benefit days.

In *France* (relief funds) State subsidies have been extended on various occasions, but each time as a provisional measure only, beyond the period of 120 days during periods of emergency. The last occasion was an unlimited extension under the Decree of 24 June 1932, but this is not intended to remain in force after 31 December 1932.

In *Switzerland* the normal benefit period may also be extended by way of exception by decision of the Federal Council. So far it has been extended to 210 days for watchmaking, 150 days for the embroidery industry, and 120 days for the textile industry. Further, under an Order of 23 December 1931,

unemployed workers who have exhausted their right to benefit under the rules and are in a state of want may claim an emergency allowance for 150 days in the year. The Federal Council may reduce this period for unemployed workers without family responsibilities and extend it for those who have not completed the prescribed qualifying period. These exceptional measures have so far been applied in the watchmaking industry.

In conclusion it should be mentioned that certain laws provide for a different period of exceptional benefit in the case of certain categories of workers.

The *Austrian* Act fixes a shorter period for workers who until they engaged in an insurable occupation had worked wholly or principally in agriculture or forestry. These workers are entitled to an extension of the normal period only up to a total of twenty weeks, and to exceptional benefit only during ten weeks in the twelve months.

In *Germany* seasonal workers may claim four more weeks of exceptional benefit than other workers.

In *Poland* the benefit period for non-manual workers may be extended from six to nine months.

Moreover, in certain countries special allowances which are not generally paid out of the ordinary unemployment funds may be granted in exceptional circumstances or at particular times.

Thus, in a number of *Swiss* cantons assistance in cash or in kind is granted to necessitous unemployed persons in the form of winter aid.

In *Yugoslavia* exceptional allowances may be paid not more than twice a year in case of extreme need. The allowance must not exceed 150 dinars, to which must be added 30 dinars for each member of the family, up to a maximum of 150 dinars, that is to say a maximum of 300 dinars altogether.



TABLE II. — RATES OF BENEFIT

Country and nature of system	Sex	Age	Civil status	Benefits		Family allowances	Benefit period
				Maximum	Minimum		
<b>AUSTRALIA</b> New South Wales <i>Relief</i>	—	—	—	<p>The Council set up for the prevention and relief of unemployment is empowered among other things to recommend expenditure from the Unemployment Fund for relieving the unemployed.</p>		—	—
<b>Queensland</b> (a) <i>Compulsory insurance</i>	Males and females	—	<p>Unmarried or widowed workers . . . . .</p> <p>Married workers</p>	<p>Per week:      <i>Central District</i></p> <p><i>Southern District</i>      <i>District</i></p> <p>I.      II.</p> <p>s. d.      s. d.      s. d.</p> <p>14 0      15 3      15 0</p> <p>24 0      26 3      25 9</p> <p><i>Northern District</i></p> <p>Sub-division</p> <p>I.      II.</p> <p>s. d.      s. d.</p> <p>15 9      17 0</p> <p>27 0      29 6</p> <p>The total benefits may not exceed 50 per cent. of the wages payable to the worker concerned under Arbitration Court award.</p>		<p>For every child under 16 not exceeding four: 4s. to 5s. per week.</p>	<p>Normal duration: One week's benefit for every two weeks contributions paid during preceding 12 months. Maximum: 13 weeks in any 12 months. The Unemployment Council may extend the benefit period in cases of hardship.</p>
(b) <i>Relief</i>	—	—	—	<p>An unemployed worker whose earnings during the 12 months preceding his application have exceeded £A.220 is not entitled to draw benefit.</p>		—	—
<b>South Australia</b> <i>Relief</i>	—	—	—	<p>Part of the Relief Fund may be used to pay sustenance allowances for relieving distress caused by unemployment.</p> <p>The Unemployment Relief Council is authorised to ex-</p>		—	—

<p>Victoria Relief</p>		<p>Persons living with strangers or relatives (except parents) unable to support them . . . Married couple . Family with 1 child . . . 8 not less than 8 children . .</p>	<p>unemployed persons such moneys as may be paid to it in pursuance of any Act providing for such expenditure. It may also raise money for the relief of the unemployed.</p> <p>Unemployed workers receive vouchers which they may exchange at the shops against certain foodstuffs. The weekly rate of the vouchers is fixed as follows:</p> <p>5s. 6d. 8s. 6d. 10s. 0d. 20s. 6d.</p>	<p>Unemployed persons liable for the payment of rent receive a special allowance monthly equal to one day's benefit.</p>	<p>Normal duration: 12 weeks in a period of 12 months which can be extended to 30 weeks (if at the expiration of 30 weeks an unemployed worker has obtained insurable employment for 10 consecutive weeks, he is entitled to ordinary benefit for a further 12 weeks).</p>												
<p>AUSTRIA (a) Ordinary compulsory insurance</p>	<p>Males and females</p>	<p>Unemployed persons under 17 years of age are only entitled to benefit if they have no relatives responsible for maintaining them and able to do so.</p>	<p>According to wage class (ten classes)</p> <table><tr><th>Per week Sch.</th><th>Per week Sch.</th></tr><tr><td>16.10</td><td>3.36</td></tr><tr><td>20.30</td><td>3.36</td></tr><tr><td>21.70</td><td>3.36</td></tr><tr><td>23.10</td><td>3.36</td></tr><tr><td>24.50</td><td>3.36</td></tr></table> <p>The weekly benefit may not exceed 80 per cent. of the last weekly earnings. Seasonal workers whose earnings during the busy season exceed 2,400 Sch., or if they are skilled workers, 3,000 Sch., are entitled to benefit varying between 14 and 2.40 Sch. per week.</p>	Per week Sch.	Per week Sch.	16.10	3.36	20.30	3.36	21.70	3.36	23.10	3.36	24.50	3.36		
Per week Sch.	Per week Sch.																
16.10	3.36																
20.30	3.36																
21.70	3.36																
23.10	3.36																
24.50	3.36																

TABLE II. — RATES OF BENEFIT (*continued*)

Country and nature of system	Sex	Age	Civil status	Benefits		Family allowances	Benefit period
				Maximum	Minimum		
AUSTRIA ( <i>continued</i> ) (b) <i>Emergency insurance</i>	Males and females	—	—	<p>The rates of benefit for the first 9 wage classes are fixed by the District Industrial Commissions and may not exceed the daily benefit fixed for the eighth class: at 21.70 Sch. per week. For workers in the ninth class with not less than 3 children the benefit may be raised to 23.80 Sch. per week. The emergency benefit for workers in the tenth class varies between 11.70 and 24.50 Sch. per week according to the family responsibilities indicated above.</p>		Do.	—
BELGIUM <i>Voluntary insurance</i> (a) <i>Primary funds (societies)</i>	Males and females	Under 65 <sup>1</sup>	—	<p>Rates variable according to fund and occupational group within the limits of the maximum fraction of wages indicated in the next column.</p>		—	Variable according to fund.
	Do.	Under 25	Unmarried, widowed or divorced persons without children	<p>Daily rates 7 fr.</p>		3.50 fr. per day for wives keeping house and 1.1 fr. per day in respect of each child under 14 and of each child of 14-16 while attending school or if physically incapable of work. These benefits together with	Normal period: 30 days per financial year. This may be extended by authorisation of the Minister (a married woman cannot benefit by an extension unless her husband is unable to work and she has more than
	Females	Over 25 and under 65 <sup>1</sup> Under 65 <sup>1</sup>	Unmarried, widowed or divorced persons without children Married without dependants	<p>9 fr. 7 fr.</p>			

Males and females	Under 65 <sup>1</sup>	Heads of families . . . .	9 fr.	any other allowances may not exceed 2% of wages (2% in the case of the head of a household with not less than three children). If the head of the family has more than one child, the rate of supplementary allowance increases, whatever the category of the commune <sup>2</sup> , by 0.50 fr. per day in respect of each child after the first up to a total of 8 children, in which case these rates are 9.50, 8.50, 7.50, 6.50 and 5.50 fr. respectively, according to the category of the commune.	four children dependent on her).
(c) Emergency Fund in cases where it undertakes the payment of the supplementary allowances granted by the provinces and communes. Communes of 1st category <sup>2</sup>	Do.	Unmarried, widowed or divorced persons without children . Do. Head of family without children or with one child according to definition given in col. 7 . .	4 fr. 4.50 fr.		
Communes of 2nd category	Do.	Unmarried, widowed or divorced persons without children . Do.	6 fr.		
Communes of 3rd category	Do.	Head of family without children or with one child Unmarried, widowed or divorced persons without children . Do.	3.50 fr. 4 fr. 5 fr.		
		Head of family without children or with one child Unmarried, widowed or divorced persons without children . Do.	2.50 fr. 3 fr.		
		Head of family without children or with one child	4 fr.		

<sup>1</sup> Unless the unemployed worker has worked for not less than six months during the previous calendar year.

<sup>2</sup> The communes are divided into five categories according to population and local conditions.

TABLE II. — RATES OF BENEFIT (continued)

Country and nature of system	Sex	Age	Civil status	Benefits		Family allowances	Benefit period
				Maximum	Minimum		
<b>BELGIUM (continued)</b> Communes of 4th category	Males and females	Under 25	Unmarried, widowed or divorced persons without children .	Daily rates			
		Over 25	Do.	2 fr.	2 fr.		
	Do.	Under 25	Head of family with or without children .	3 fr.			
		Over 25	Unmarried, widowed or divorced persons .	1 fr.			
			Unmarried, widowed or divorced persons .	1 fr.			
			Head of family without children or with one child	2 fr.			
<b>BULGARIA</b> Compulsory insurance	Males and females	Minimum 15 Maximum 60	Workers without dependants . . Workers with dependants . . .	15 leva-per day 25 leva per day		—	Maximum: 12 weeks per year.
<b>CANADA</b> Relief	—			The Dominion Government may assist the provinces in the relief of distress. Provision may be made for the expenditure of such grants on direct relief.		—	

CZECHOSLOVAKIA (a) Ordinary voluntary insurance	Males and females	—	—	Variable according to fund, $\frac{1}{2}$ of last earnings, according to period of membership and family responsibilities from 3 to 3.75 kc. per day for the first 26 weeks and from 2 to 2.50 kc. for the remaining 13 weeks.	—	26 weeks or six months which can be extended to 39 weeks. After 39 weeks, workers may in exceptional cases receive benefit for a further 13 weeks.
(b) Emergency insurance	—	—	—	Variable according to fund. Ranging from 2 to 2.50 kc.	—	—
DENMARK Voluntary insurance (a) Unemployment funds	Males and females	Minimum: 18. Maximum: 60 (except in cases of transfer from one fund to another).	Unmarried workers . . . . . Heads of families . . . . .	$\frac{1}{2}$ of normal wages in the occupation. 3 kr. per day } 4 kr. per day }	—	Left to the discretion of the fund but may not be less than 70 days in a period of 12 months. The maximum may be granted only during a period of not more than 4 years. An unemployed worker who has received benefit during the maximum period is not entitled to benefit again until after a further 12 months. Left to the discretion of the funds but may not exceed 70 days in a period of 12 months. During the period from 1 October 1932 to 1 April 1933 the duration may be doubled.
(b) Emergency fund	—	—	—	Same rules as for ordinary benefit.	—	—

TABLE II. — RATES OF BENEFIT (continued)

Country and nature of system	Sex	Age	Civil status	Benefits		Family allowances	Benefit period
				Maximum	Minimum		
FINLAND Voluntary insurance	Males and females	Minimum: 15 Maximum: 60	—	10 Finnish marks per day	1 Finnish mark per day	Included in the rates indicated in the previous columns.	Maximum: 90 days in a period of 12 consecutive months; after payment of this maximum during three consecutive periods of 12 months, suspension of benefit during 12 months.
FRANCE  (a) Voluntary insurance	Males and females	—	Unmarried workers or heads of families and each unemployed member of the same family who belongs to an unemployment fund . .	<p>For the calculation of the State subsidy, any part of the benefit in excess of the maxima below (excluding any supplementary allowances paid by the communes or departments) is left out of account. These rules, like those relating to family allowances, apply to both wholly and partially unemployed persons.</p> <p>8 fr. per day</p>			The State subsidy is payable only during 120 days in a period of 12 months in the case either of a wholly or a partially unemployed person.

(b) Relief (public unemployment funds)			Persons of over 16 years living in the household of their ascendants or near relatives . . . . . Heads of households . . . . .	<p>4 fr. per day</p> <p>7 fr. per day</p> <p>The rates of benefit granted by the departmental and municipal unemployment funds to wholly or partially unemployed persons are fixed for each fund, subject to the approval of the Minister of Labour.</p>	<p>4 fr. for the husband or wife whether unemployed or not and for unemployed ascendants; 3.50 fr. for each person under 16 years who is not at work or earns less than 4 fr. per day. The total relief granted to any one household may not exceed 19 fr. per day or 20 fr. if the household includes three children of under 16 years, 23 fr. if it includes four, and 26 fr. if it includes five or more.</p> <p>In no case may this total exceed half the wages plus the family allowances customary in the occupation and district.</p>	Maximum : 120 days in the year. This may be modified provisionally by Decree (during 1931 and 1932 it was increased to 150 and then 180 days, being extended most recently, on 24 June 1932, to 31 December 1932).															
GERMANY A. Ordinary compulsory insurance (1) Wholly unemployed workers 1st class: large towns	Males and females	Only wage earners over school age are insured. Persons under 21 years of age are not entitled to benefit unless they are not actually	Unemployed workers with: no dependants 1 dependant 2 dependants 3 dependants 4 dependants 5 dependants 6 or more dependants . .	<p>Variable according to wage class.</p> <table><thead><tr><th>Marks per week</th><th>Marks per week</th></tr></thead><tbody><tr><td>11.70</td><td>5.10</td></tr><tr><td>14.40</td><td>6.60</td></tr><tr><td>17.10</td><td>6.60</td></tr><tr><td>19.80</td><td>6.60</td></tr><tr><td>22.50</td><td>6.60</td></tr><tr><td>25.20</td><td>6.60</td></tr><tr><td>27.90</td><td>6.60</td></tr></tbody></table>	Marks per week	Marks per week	11.70	5.10	14.40	6.60	17.10	6.60	19.80	6.60	22.50	6.60	25.20	6.60	27.90	6.60	<p>Normal duration: 20 weeks (seasonal workers, 16 weeks). Insured persons with means are entitled to benefit only during 36 days<sup>1</sup>.</p>
Marks per week	Marks per week																				
11.70	5.10																				
14.40	6.60																				
17.10	6.60																				
19.80	6.60																				
22.50	6.60																				
25.20	6.60																				
27.90	6.60																				

<sup>1</sup> The communal authorities have power to decide on the state of need. The criterion is based on the principle of community of family resources, and no relief is granted as long as the income of one of the persons living in the household is sufficient to provide a minimum subsistence for the individuals of which it is composed.



TABLE II. — RATES OF BENEFIT (continued)

Country and nature of system	Sex	Age	Civil status	Benefits		Family allowances	Benefit period
				Maximum	Minimum		
GERMANY (continued)							
2nd class: average size towns (population over 10,000)†	Males and females	ally in receipt of maintenance allowances under the Civil Code. Do.	Unemployed workers with: no dependants 1 dependant 2 dependants 3 dependants 4 dependants 5 dependants 6 or more dependants Unemployed workers with: no dependants 1 dependant 2 dependants 3 dependants 4 dependants 5 dependants 6 or more dependants	Marks per week 9.90 12.30 14.70 17.10 19.50 21.90 24.30	Marks per week 5.10 6.60 6.60 6.60 6.60 6.60 6.60	—	Do.
3rd class: small localities (population under 10,000)†	Do.	Do.		8.40 10.20 12.00 12.80 15.60 17.40 19.20	4.50 5.70 5.70 5.70 5.70 5.70 5.70	—	Do.
(2) Partially unemployed							
(a) Unemployed during 3 days of the week	—	—	Unemployed workers with: no dependants 1 dependant 2 dependants 3 dependants 4 or more dependants Unemployed workers with: no dependants 1 dependant	2.50 3.30 4.10 5.00 6.00	0.90 1.10 1.30 1.50 1.70	—	Do.
(b) Unemployed during 4 days of the week	—	—		5.00 6.60	2.00 2.30	—	Do.

(c) Unemployed during 5 days of the week	—	—	2 dependants. 3 dependants. 4 or more dependants. Unemployed workers with: no dependant 1 dependant 2 dependants. 3 dependants. 4 or more dependants.	8.20 10.00 15.00  7.50 10.00 12.50 15.00 21.00  The ordinary rates of benefit shown above also apply to emergency relief, but they are regarded as maxima liable to be reduced according to the state of want of the unemployed worker; emergency relief may not exceed the poor relief customary in the locality. <sup>2</sup> Do.	2.60 3.00 3.40  3.00 3.40 4.00 4.50 5.10  —	38 weeks (seasonal workers, 42 weeks).          May be extended to 51 weeks (seasonal workers, 55 weeks).
GREAT BRITAIN (a) Compulsory insurance	Males  Females	Under 17 From 17 to 18 From 18 to 21 From 21 to 65  Under 17 From 17 to 18 From 18 to 21 From 21 to 65	—	Per week  s. d. 5 6 8 0 12 6 15 3  4 6 6 9 10 9 13 6	For an adult, 8s. per week. For a child, 2s. per week. Young men and young women aged 18 and under 21 who receive additional benefit for a dependant are entitled to receive the adult rates as well as the dependant's allowance.	Ordinary benefits are paid to unemployed persons who have paid not less than 30 contributions in the 2 years preceding the date of claim, with a maximum of 156 days per year. Insured persons who have exhausted their rights are not entitled to further ordinary

<sup>1</sup> The application of one or other of these three scales depends also on the cost-of-living bonus granted in the locality to Federal officials.

<sup>2</sup> The rate of communal assistance varies from place to place and according to the need of the individual. Need is determined by taking into account the income of all the members of the household.

TABLE II. — RATES OF BENEFIT (continued)

Country and nature of system	Sex	Age	Civil status	Benefits		Family allowances	Benefit period
				Maximum	Minimum		
GREAT BRITAIN (continued) <i>(b) Transitional payments</i>	—	—	—	The maximum transitional payments are the same as the ordinary benefits, but such payments may be less or may be withheld altogether after application of a means test.		—	nary benefits until they have paid at least 10 further contributions. Payable to insured persons in respect of whom 8 or more contributions have been paid in the two years preceding the date of claim, or 30 contributions at any time.
	Males  Females	From 16 to 18 Over 18  From 16 to 18 Over 18	—	Per week s. d. 7 6 15 0  6 0 12 0		These rates are increased by 5s. weekly for wife or husband and 1s. for each child.	26 weeks or one week's benefit for every six contributions.
IRISH FREE STATE <i>Compulsory insurance</i>	Males and females	Over 15 and under 65.	—	1.25, 2.50 or 3.75 lire per day, according as the unemployed worker belongs to the first wage class (wage up to 4 lire), the second (4 to 8 lire), or the third (wage over 8 lire).		—	Maximum 90 days' benefit for not less than 24 fortnightly contributions; 120 days' for 36 fortnightly contributions. A worker who has exhausted his right to benefit receives 30 further days' benefit if he has not 24 fortnightly
ITALY <i>Compulsory insurance</i>							

								the two preceding years. A worker who has received benefit for the maximum period of 120 days is not entitled to further benefit until he has paid 12 more fortnightly contributions.
LUXEMBURG <i>Relief subsidised by the public authorities.</i>	Males and females	Over 16	—	50 per cent. of wages, up to 12 fr. per working day.	—	1.50 fr. per day for wife or husband and each child under 16 years or any other dependant, up to a total of 18 fr. for the family. If this total is exceeded because several members of the family are in receipt of unemployment benefit, they receive only half their personal benefit. An unemployed woman worker whose husband is earning his regular wage is not entitled to benefit.	Maximum: 26 weeks per period of 12 months.	
NETHERLANDS <i>Voluntary insurance</i>	Males and females	—	—	Variable according to fund. The funds themselves fix the rates of benefit they pay their members, after approval by the competent Ministry. If a fund wishes to obtain from the Government a subsidy at a higher rate than 100 per cent., the following maximum rates are prescribed according to the class in which the commune is placed:	—	Variable according to fund. As a rule 60 days per year, and for seasonal workers (building industry and agriculture), 36 days.		

TABLE II. — RATES OF BENEFIT (continued)

Country and nature of system	Sex	Age	Civil status	Benefits		Family allowances	Benefit period
				Maximum	Minimum		
			Unmarried workers living with their parents. Unmarried workers with households of their own. Married workers.	Fl. per day I 0.40 II 0.50 III 0.60			
				1.20 1.90	1.50 2.50	1.80 2.60	
NEW ZEALAND <i>Relief</i>	—	—	—	The Unemployment Board may recommend the payment of sustenance allowances to unemployed persons.		—	—
NORWAY	Males and females	—	—	50 per cent. of normal wage.		—	Normal period: 90 days per year.
POLAND I. <i>Ordinary insurance</i> (a) Manual workers	Males and females	Over 16	Single workers Workers with 1 or 2 dependants. Workers with 3, 4 or 5 dependants. Workers with over 5 dependants . . . . .	Per cent. of wages 30 35 40 50			Normal period: 13 weeks per year, may be extended to 17 weeks.
(b) Non-manual workers	Do.	Over 16 and under 60	Single . . . . . Married . . . . .	The maximum wage taken into account is 6 zlotys per day. 30 per cent. of average earnings 40 per cent. of average earnings 50 per cent. of average earnings The maximum salary taken into account is 500 zlotys per month. In particular		10 per cent. of the benefit for each dependant up to a maximum of 10 per cent. of average earnings	Normal period: six months, which may be extended to nine months.
II. <i>Relief</i>	—	—	—			—	—

SAAR TERRITORY	Males  Females	Under 18 From 18 to 21 Over 21  Under 18 From 18 to 21 Over 21	— — — Married men over 21 — — — Married women over 21	Per day 4 fr. 6 fr. 8 fr.  9 fr. 3 fr. 5 fr. 6 fr.  8 fr.	An allowance of 4 fr. per day is paid in respect of the husband or wife and of dependant relatives over 21 years of age, and an allowance of 3 fr. in respect of each child or dependant relative under 21 years of age. The total benefit payable must in no case exceed 27 fr.	Maximum: 39 weeks.
SPAIN Voluntary insurance	Males and females	Minimum: 16 Maximum: 65	—	60 per cent. of daily wage.	—	60 dally benefits in a period of 12 months.
SWITZERLAND I. Ordinary insurance (1) Federal legislation (a) Wholly unemployed	Males and females	Over 16	Without dependants . . . .  With dependants	50 per cent. of normal earnings.  60 per cent. of normal earnings.	The benefits paid to unemployed workers with dependants must exceed those paid to unemployed workers without dependants by not less than 10 per cent. of normal earnings.	Normal duration: 90 days in a period of 360 days. May be reduced for unemployed workers who have been in receipt of benefit for the maximum period during 3 consecutive years. May be extended by the Federal authorities in exceptional cases (has been extended to 210 days for watch-making, 150 days for the embroidery industry and 120 days for the textile industry).

difficult circumstances the Council of Ministers may on the recommendation of the Minister of Social Welfare grant special allowances to workers who have exhausted their ordinary benefit.



## CHAPTER V

### SOURCE OF FUNDS

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No feature of schemes designed to provide for the unemployed has given rise to more controversy, or been the subject of more varied opinion and decision, than that of their financial organisation. In the modern industrial community, with its complex division of labour and its high degree of specialisation, the man who loses his job and is unable to find another loses, in most cases, his only source of income. Sometimes, it is true, he is able to draw on savings accumulated during previous periods of regular employment. But in the great majority of cases such savings are too small in amount to be sufficient for more than a brief spell of idleness. The risk of unemployment, like the risk of fire, accident or death, is too uncertain, and the loss it entails too overwhelming, to be borne entirely by the individual. It follows, therefore, if the standard of living of the unemployed worker is to be protected—if, indeed, he is to survive at all—that means must be found to supplement his own inadequate resources.

So far, agreement is not difficult. But when a decision must be taken as to who is to provide the necessary funds for unemployment benefits, there is, as the experience of every country has shown, ample scope for difference of opinion. Three possible sources of funds—the workers, the employers, and public authorities—are generally considered, and in the majority of cases recourse has been had either to a combination of two of these sources or to all three at once. Some of the oldest—as well as some of the most recent—unemployment benefit schemes have, however, relied entirely for their financial support on one only of these sources.

#### § 1. — General Considerations

##### WHO SHOULD BE REQUIRED TO CONTRIBUTE ?

The present Chapter is mainly devoted to an examination of the methods of financing unemployment benefit schemes actually



incentives to work and its administrative complexity or simplicity may constitute important criteria. With so many relevant, and not infrequently conflicting, considerations, the relative force of which is often a matter of opinion, it is not surprising that unanimity is seldom reached or that substantial variations have occurred in the methods adopted in different economic or social environments.

In the following pages the principal arguments commonly advanced for and against the financial participation of each of the three groups—workers, employers and public authorities—will be briefly recapitulated.

### *Workers*

In support of the contention that workers should be exempted from any contribution whatever to the cost of unemployment benefits, it is frequently argued that the wage earner is not directly responsible for the existence of unemployment and can do little to prevent or terminate it. There is, consequently, it is held, no justification for making him bear a share of its cost; nor is there anything to be gained by doing so. It is argued, further, that workers laid off during a slack period constitute a reserve force essential for the resumption of normal activity, and that all who are necessary to the effective continuance of essential industry have at all times a legitimate claim on industry to a living income. "The maintenance of the working force in health and strength during a period of idleness is therefore a matter of vital concern to management. Industry has an investment in the labour force just as it has in plant and equipment; and the maintenance of each, when not in use, has a legitimate place in overhead." <sup>1</sup> It is also argued that it is against sound social policy to compel saving by low-paid workers, since their current earnings are no more than adequate for current expenses and since the moral value of thrift is entirely absent where saving is compulsory; and that the administrative complication of employee contributions more than outweighs the supposed advantage in promoting employee participation in administration <sup>2</sup>.

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<sup>1</sup> John A. Fitch: "Who Should Pay the Cost of Unemployment Reserves?" in *American Labour Legislation Review*, March 1932, p. 42. Cf. evidence of representatives of the British Trades Union Congress before the Royal Commission on Unemployment Insurance, 4 and 5 May 1931.

<sup>2</sup> Cf. WISCONSIN LEGISLATIVE INTERIM COMMITTEE ON UNEMPLOYMENT, 1931: *Report*, p. 39. By "low-paid workers" the Wisconsin Committee meant, in this case, workers earning less than \$1,500 per year.

Moreover, it is not necessary, in order to ensure that workers should bear a share of the real burden, to require them to contribute to the cost of unemployment benefits. As a recent American Commission, which recommended the establishment of funds based on contributions from employers alone, has pointed out, the chief burden of unemployment must in any case fall on the workers, who receive less by way of benefits than they would in wages if employed<sup>1</sup>.

Arguments that the workers should be required to contribute to the cost of unemployment benefits are not based on any assumption that they are responsible for the existence of unemployment, for it is no longer seriously maintained that mass unemployment is due to the defects of the worker or that he is in a position, at any rate at the present time, to do much to prevent or terminate it. Some advocates of workers' contributions assume, it is true, that the demand of trade unions for a share in the management of industry is likely to receive increasing satisfaction—whether through the development of planned economy or by other means—and that when this occurs, the workers as such will have to bear a share of the responsibility for unemployment and will at the same time be able—particularly when stimulated by their direct financial interest in its cost—to work for its reduction. The argument on these lines is, it is clear, an argument for the future rather than for the present. It is further argued that if the worker himself contributes to the fund he will be better able, during a period of unemployment, to preserve that self-respect which, it is suggested, might be undermined by reliance on maintenance or non-contributory benefits. There is a certain confusion here: the point at issue is the attitude of the worker (including the extent to which his point of view is influenced by the attitude of his group or community), not—at any rate not directly—the method of financing. If the worker regards the unemployment benefit as his of right, and if the acceptance of it involves no loss of respect in the eyes of his fellows, his acceptance of it is scarcely likely to induce a feeling of shame or a loss of self-respect, whatever the source of the fund may be. His self-respect may still suffer through his lack of employment, but it will not be affected—any more

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<sup>1</sup> "Governors' Interstate Commission Urges Unemployment Reserves", in *American Labour Legislation Review*, March 1932, p. 20; cf. also WISCONSIN LEGISLATIVE INTERIM COMMITTEE ON UNEMPLOYMENT, 1931: *Report*, p. 39.

than that of the beneficiary under an accident insurance policy—by the acceptance of legitimate compensation for loss sustained. Whether, in any particular case, the worker is able to regard unemployment benefit as his of right, and whether his fellow members of the community take up the same attitude, will depend on a number of factors and not solely—it may be not at all—on the financial organisation of the system.

Another argument which is frequently advanced contends that, if the worker himself bears a share of the cost, he will take a greater interest in the safeguarding and wise administration of the fund. There is clearly some force in this contention, although it has been pointed out that the value of an unemployment benefit fund as a guarantee of some measure of security is likely in itself to be sufficiently evident to ensure the workers' interest in its administration; and that, if it were not, the suggested alternative—that of giving the worker a direct stake through the contributions from his own pocket—might well be no more effective, unless the worker's share of the total costs were very large<sup>1</sup>. Experience suggests that a solution of the latter kind—with the workers bearing a large proportion of the cost of benefits—is not to be expected; the great mass of workers are not in a position to bear the major cost of financing comprehensive schemes of insurance. In any case it does not follow, even if the psychological value of the financial incentive be recognised, that there is no other way of safeguarding the fund and securing its efficient administration. The solution of administrative problems can be sought—and has in fact been achieved—in other ways than this. On the other hand those who attach importance to the general principle of active participation by the workers in administration, are apt to favour the contributory feature as an effective practical means of ensuring such participation and as a convincing argument in support of it.

There are, moreover, certain general considerations of political expediency—apart altogether from those of administrative efficiency—which may lead the framers of legislation for the provision of unemployment benefits to favour the requirement of contributions from those who will benefit directly from the system. Whatever may be the theoretical force of arguments for or against the principle of requiring workers' contributions there is at least a possibility that a system in which such a principle is recognised

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<sup>1</sup> Cf. FITCH, *op. cit.*, p. 41.

will in many countries be more acceptable to public opinion than one to which no contribution is made by its potential beneficiaries <sup>1</sup>.

It may be noted, finally, as regards the arguments in favour of workers' participation in the financing of unemployment benefits, that the contention, in each case, is that they should bear not the whole, but a *share*, of the cost.

### *Employers*

The arguments advanced for and against contributions from employers to the cost of unemployment benefits recall those used in the case of the workers. Considerations of responsibility for the existence of unemployment and of incentive to reduce its extent are again among the principal issues raised, but there are important differences of emphasis.

It is not often argued that no part of the cost of unemployment benefits should figure in the overhead charges of industry. It has, however, at times been suggested that any contribution which employers might be required to make would act as a check to enterprise and initiative, would reduce the incentive of the entrepreneur and capitalist to work and save, and would thus accentuate rather than lessen the evil. It has also been pointed out that the individual employer can scarcely be held responsible for sudden unforeseen changes in the demand for his product due to such factors as crop fluctuations, tariff movements, fashion changes and such catastrophic fluctuations in the general price level as the world has witnessed in the recent past. Where the causes of fluctuations in the activity of an individual business are thus largely unforeseeable, no argument that the employer is responsible for the existence of unemployment can be based on a contention that he could, by taking the necessary care, have avoided irregularity of plant operation. A further argument which was more in evidence in the early days of unemployment insurance than it is at the present time contends that so long as the requirement that employers in a particular country or State should contribute

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<sup>1</sup> United States Senator Wagner, who believes that "contributions on the part of the employees would encourage them to participate in the management of the fund and to interest themselves in its administration", makes the ingenious suggestion that employees should be *permitted* to contribute to the fund and thereby acquire the right to benefit *additional* to a predetermined minimum paid out of other contributions. (U.S.: 72ND CONGRESS, 1ST SESSION: *Unemployment Insurance*, Senate Report No. 629, Washington, 29 April 1932, p. 16.)

is not balanced by a similar requirement in competing countries, the former will be exposed to unfair competition and unemployment among their workers will tend to increase.

The principal arguments in favour of requiring employers to contribute to the cost of unemployment benefits contend first, that unemployment as a whole should be regarded as one of the costs of industry, and second, that if the financial burden is placed squarely on employers it will act as a strong financial incentive to reduce irregularity of operation wherever it is possible for them to do so. It is also urged that if employers are required to contribute, their general interest in the whole problem, and particularly in such issues as the solvency of any unemployment benefit fund, will be greater than otherwise. The first of these arguments has been put forward, for example, by Professor Slichter, of Harvard University, in evidence before a recent United States Senate Committee on unemployment insurance.

"Industry", he stated, "requires a labour reserve because it uses more men at some times than at others. The cost of maintaining these men is just as much a cost of production, as far as an economist can see it, as paying interest and depreciation on idle machinery. . . . As long as the community rather than industry bears that cost we are virtually subsidising unemployment. . . . Practically we are saying to industry to-day: 'Hire and fire to your heart's content. Lay off men whenever you see fit to. The community will bear that cost for you.' To an economist that is not sound cost-accounting. If one looks at it not from a humanitarian standpoint but from the narrow, cold-blooded cost-accounting standpoint, we see that we are merely rectifying our cost-accounting system when we put this cost directly into the expenses of making goods."<sup>1</sup>

In order fully to achieve this latter object the whole cost of unemployment benefits would have to be met by industry and by each branch of industry and each particular firm in proportion to the extent to which it is responsible for the creation of unemployment. If something of this kind is not done, if no penalty is placed upon irregularity of operation and the cost of unemployment is borne directly or indirectly by the community as a whole, the result is to facilitate the marketing of certain products at lower prices than they could be produced were all the costs of production (including the cost of unemployment) to be taken into account by the producer. The production of certain articles is, in effect, subsidised by the community as a whole. If, on the other hand, the employer is required to bear the cost of irregularity of operation and unemployment, he will, to the extent that such cost is unavoid-

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<sup>1</sup> Quoted in U.S. Senate Report No. 629, *op. cit.*, p. 22. Cf. Sumner H. SLICHTER: *Modern Economic Society*, p. 858, New York, 1931.

able by skilled management, pass it on to the consumer in the form of higher prices. Ultimately the cost will be paid to a degree proportionate to the irregularity of operation of each industry by the consumer of that industry's product. "And that", as Senator Wagner of the United States Senate Committee on Unemployment Insurance remarks, "is entirely as it should be", since technological improvements which cause unemployment are undertaken solely to lower production costs and "in last analysis the consumer profits from the unemployment of his less fortunate brother" <sup>1</sup>.

Closely related to this argument is the view that the cost of unemployment benefits should be imposed on employers in such a way as to strengthen their incentive to reduce irregularity of operation. The employer should be required to bear the cost of compensating those of his workers who become unemployed not merely in order that this cost may figure in the final price of his product, but in order that he may have the strongest possible inducement to eliminate unemployment altogether. To what extent such an additional inducement—additional, since the desire to reduce overhead charges is in any case a powerful incentive to regularisation—might be effective in practice does not appear to have been investigated, but there are obvious limitations to the ability of an individual employer, at the mercy of fluctuations in consumer demand and raw material costs over which he has no control and which he is generally unable to foresee, to regularise the operation of his business. Although there may thus be some doubt as to the practical efficacy in promoting regularisation of varying employers' contributions according to their success in achieving this end, there is no doubt that in certain quarters such a policy has had a strong appeal. It has been widely advocated in recent years in the United States, and has been incorporated to a limited degree in the recent Wisconsin legislation <sup>2</sup>. It has also been eloquently advocated by Sir William Beveridge, who urges that provision should be made within the framework of the British system of unemployment insurance for higher contributions from industries and employers who are responsible for the creation of excessive unemployment. In his opinion "the principle of making industries provide for the exceptional unemployment

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<sup>1</sup> U. S. Senate Report No. 629, *op. cit.*, p. 22.

<sup>2</sup> Cf. Elizabeth BRANDEIS and Paul RAUSHENBUSH: "Wisconsin's Unemployment Reserves and Compensation Act", in *Wisconsin Law Review*, Vol. VII, No. 3, April 1932, pp. 136-145.

created by their methods of engaging labour or involved in their conduct of business represents the barest justice to other industries, to the taxpayer, and, last but not least, to the individual workman for whom relief is the sorriest of substitutes for regular work.”<sup>1</sup>

### *Public Authorities*

The arguments for and against State or other public contributions to unemployment benefit funds turn mainly on the issues of responsibility for irregularity in industry and the existence of unemployment, responsibility for the maintenance of those members of the community who are without any means of livelihood, and the advantages and disadvantages of the political control which State contributions are generally thought to involve.

The opponents of State contributions base their case mainly on the danger of political control, the inability of democratically elected Governments to resist the constant popular pressure to liberalise the benefit provisions of an unemployment benefit system, and the consequent impossibility of maintaining any “actuarial basis”<sup>2</sup>. Attention has also been directed by those who favour State contributions, as well as by those who oppose them, to the danger that they may result in a concentration of Government efforts on the relief instead of the prevention of unemployment<sup>3</sup>. In the United States, where there has been much discussion, during the past few years, of the theory of unemployment benefit schemes, an argument of some importance against the principle of State contributions has been advanced on grounds of policy and justice as between the farm community and the industrial one. The framers of the recently enacted Wisconsin legislation had both the votes and the interests of the country constituencies to consider. Unemployment benefits, it is held, offer no direct advantages to the farm population; why then should they be taxed to provide them?<sup>4</sup>

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<sup>1</sup> W. H. BEVERIDGE: *Unemployment—a Problem of Industry (1909 and 1930)*, p. 412. London, 1930.

<sup>2</sup> Cf. Bryce M. STEWART: “Some Phases of European Unemployment Insurance Experience”, in *Proceedings of the Academy of Political Science of Columbia University*, Jan. 1932, pp. 46 et seq., and NATIONAL INDUSTRIAL CONFERENCE BOARD: *Unemployment Benefits and Insurance*, p. 76, New York, 1931.

<sup>3</sup> Cf. BEVERIDGE, *op. cit.*, p. 294.

<sup>4</sup> Cf. Barter GOODRICH, “American Plans for State Unemployment Insurance”, in *American Economic Review*, Sept. 1931, p. 404.

The case for State contributions is based partly on the fact that systematised unemployment benefits are designed partly to serve as a more desirable substitute for poor relief (the cost of which must otherwise be borne entirely by public funds). It is also argued that State contributions justify such modifications of the system of benefits as will give greater consideration to the special needs of the lower paid workers and of those with dependants.

The vital interests of the community as a whole in any general system of unemployment benefits and the practical necessity—as illustrated by the experience of almost every country which has seriously attempted a solution of the problem—of financial participation by the public authorities are, in the view of those who favour State contributions, sufficiently great to make the risk of consequent political control worth facing. In practice, they suggest, the dangers of such control are largely traceable to the concentration of Governmental effort on the provision of money relief, the imperfect organisation of the labour market, and the general inadequacy of measures taken to prevent unemployment. Political control, it is held, is a consequence not so much of the mere financial participation of the public authorities as of the generally unsatisfactory and inadequate nature of governmental "tinkering" with the whole problem of unemployment. If, instead of relying on piecemeal policies, governments could be persuaded "to see economic problems steadily and to see them whole", there would be less concentration on purely money relief and less pressure to liberalise benefit provisions.

It may be noted, finally, that in any particular case the decision as to the source from which funds are to be drawn will depend not only on considerations of the kind outlined above, but on the magnitude of the task which the system in question is intended to undertake. It will depend, in particular, on the coverage of the system and on the scale of unemployment benefit and the length of the benefit period which the system is intended to provide. If the system is to be very limited, both in coverage and in benefit provisions, adequate financial resources may possibly be obtainable in the form of contributions from employers or workers alone, or from both groups together. But if the scheme is to have a wide coverage and to provide adequate benefit for the entire duration of involuntary unemployment the experience of recent years suggests that resort must be had, in addition, to contributions from the tax-paying community as a whole.



## IN WHAT PROPORTION ?

Closely related to the problem of which groups shall contribute to the cost of unemployment benefits is that of the proportion in which the cost is to be shared among and within the various groups. The solution of the latter problem will be likely, in any particular case, to depend in large measure on the decision taken with regard to the former. It will, moreover, be influenced by very similar considerations. If it is desired above all to provide a comprehensive system for compensating all involuntary unemployment, reliance will inevitably be placed to a considerable degree on contributions from public funds, and the proportion to be borne by employers and workers will be correspondingly small. If, on the other hand, the particular system under consideration is to be limited in coverage to industries or groups of workers who may be classed as good risks, or if the benefits provided are to be low in amount and restricted in duration, the State may refrain from making any contribution or may confine its assistance to the carrying of administration expenses <sup>1</sup>.

The division as between employers and workers of that part of the cost which is not to be borne by public funds will be influenced, on the one hand, by the extent to which unemployment is regarded as a risk to be borne by the worker and the extent to which it is regarded as one of the costs of production; and, on the other, by the desire to use the cost of unemployment benefits as an instrument to promote greater regularity of employment. If attention is concentrated on the former type of issue the difficulty of securing full agreement with either thesis, or the desire to associate both groups in the organisation of the system, may lead to the adoption of a compromise solution with a roughly equal proportionment of the expenses between the two groups. If, on the other hand, attention is concentrated on the possibility of regularising employment and industry, the employers may be required to contribute a larger share or even the whole of the cost.

In either case the manner in which each group's share of the

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<sup>1</sup> Such a limiting of State participation is suggested as desirable in the United States by Bryce M. STEWART, in "Some Aspects of Unemployment Insurance" (offprint from the *Papers and Proceedings of the Canadian Political Science Association*, 1931).

cost is to be divided among its own members will remain to be decided. In the case of the workers' contributions, differentiation might conceivably be attempted in respect of the employability of the individual, the average or expected rate of unemployment in particular occupations or industries or localities, the rate of benefit (if variable, e.g. in proportion to wages) to which the individual will be entitled when unemployed, or the ability of the individual to pay (as measured, e.g. by his average earnings). In the case of the employers' contributions, the amounts payable might be varied to correspond to the wages paid to each employee, the degree of regularity of operation in particular industries or plants, the labour turnover, or the ease or difficulty experienced by discharged workers in each particular industry in finding new jobs. In favour of differentiation along such lines as these it is argued that it makes the system more equitable, more effective as a stimulus to regularity of operation, and more flexible<sup>1</sup>. In addition, it tends to result in the placing of a substantial proportion of the cost of unemployment on the selling price of commodities produced under conditions of irregular operation. Against these theoretical advantages it is necessary to weigh the higher administration costs involved. The Blanesburgh Committee in Great Britain, it may be recalled, impressed by the latter difficulty, "reluctantly" concluded that "flat rates are an unavoidable feature of any workable compulsory scheme of contributory unemployment insurance", but in order that the inequity involved in the flat rate might be kept as small as possible, recommended that the rate should be kept low<sup>2</sup>.

## § 2. — Actual Experience

The remainder of the present Chapter will be devoted to a brief survey of the extent to which the various methods of financing

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<sup>1</sup> It is clear, for example, that in a period when wages are falling a percentage-of-wages basis for contributions would introduce a larger element of flexibility than could be obtained by a flat rate system and would leave unemployment insurance less open to the charge of contributing to the maintenance of excessive labour costs and consequent unemployment. (Cf. Bryce M. STEWART: "Some Phases of European Unemployment Insurance Experience", *op. cit.*, p. 55.)

<sup>2</sup> U.K. MINISTRY OF LABOUR: *Report of the Unemployment Insurance Committee*, First Volume, paragraph 22, London, 1927.

discussed in the preceding section have been or are being applied in the case of different systems. Attention will be directed, first, to the methods of financing provided for under existing legislation and regulations, and, second, to the proportions of total expenditure which have in fact been borne by workers, by employers and by public funds during the past few years. Space does not permit any detailed examination of the considerations which in actual practice have led in the case of each system to the adoption of the particular method of financing now in use, but some indications will be given of the major changes which have taken place in recent years.

The development of modern methods of dealing with unemployment and in particular of financing systems of unemployment benefits has been a gradual process, with characteristic variations in different countries. Generalisations of an international kind on the historical evolution of existing systems are therefore possible only as regards a limited number of features. Of these the most important are probably, first, the fairly general tendency of unemployment benefit systems to begin on a small and limited scale on the initiative of workers' organisations or local authorities, and to develop into nation-wide schemes in the organisation of which the State and frequently the employers as well as the workers are involved; and, second, the tendency for the direct cost of benefits, which in the earliest systems was borne wholly or largely by the workers, to be borne in part by the employers and to an increasing degree by public funds. In view of this latter fact, it is of interest to distinguish between those systems which are financed entirely by workers and/or employers and those which are financed partly by State or other public contributions or by the proceeds of special taxation.

In table III (see pages 208-217) a tabular analysis is given of the contribution provisions of unemployment benefit systems at present in operation. This analysis is followed by table IV (pages 218-226) showing, for a number of countries, the sums actually involved, during recent years, in the receipts and expenditure of various systems; and, in each case, the receipts from the various sources—workers, employers and miscellaneous—expressed as a percentage of total expenditure during the same year. These tables are followed by a series of notes surveying very briefly the financial experience of the various schemes and containing certain information which could not be included in the tables.

## SYSTEMS FINANCED INDEPENDENTLY OF PUBLIC FUNDS

### *Trade Union Schemes*

With the exception of a short-lived insurance scheme for lace-makers, set up in Basle, Switzerland, in 1789<sup>1</sup>, the first organised and systematic provision for unemployment benefits<sup>2</sup> appears to have been that made by trade unions and friendly societies. At what date schemes of this kind were first originated is not known, but there is reason to believe that they have been in operation in one form or another since the earliest days of trade unionism. In Great Britain the records of certain unions show that out-of-work benefits have been paid for more than a century<sup>3</sup>. In France the first attempts of trade unions to make provision for their unemployed members appear also to date from the beginning of last century<sup>4</sup>.

In Belgium, the first trade union unemployment insurance schemes appear to have been those of the Hatmakers' Union, in operation in 1843-1846, and the Typographers' Union of Brussels, established in 1846<sup>5</sup>. In Germany, similar provision has been made by trade unions at least since 1848<sup>6</sup>. In the United States, the first scheme of this sort of which records are now available dates back to 1831, but the earliest surviving until recent times was founded in 1860, and the earliest of those still in operation dates from 1884<sup>7</sup>. In Switzerland the oldest and best known of the trade union schemes was founded in 1858 and is still in existence<sup>8</sup>.

<sup>1</sup> Cf. HANS JONELI: "Arbeitslosenfürsorge im Alten Basel", in *Basler Zeitschrift für Geschichte und Altertumskunde*, Vol. VI, pp. 180-283; 1907. Cited in T. G. SPATES and G. S. RABINOVITCH: *Unemployment Insurance in Switzerland*, p. 31; New York, Industrial Relations Counselors, 1931.

<sup>2</sup> As distinct from measures undertaken by municipalities, the Church and other bodies for the relief of the destitute.

<sup>3</sup> Detailed information is available in Sidney and Beatrice WEBB: *History of Trade Unionism*, revised edition, London, 1926; Ronald C. DAVISON: *The Unemployed*, London, 1929; and GREAT BRITAIN, BOARD OF TRADE: *Report by the Chief Labour Correspondent on Trade Unions in 1901*, 1902, Cmd. 1348, and *Report on Trade Unions in 1905-1907*, 1909, Cmd. 4651.

<sup>4</sup> J. LEFORT: *L'assurance contre le chômage à l'étranger et en France*, Vol. II, Part IV, Chapter V. Paris, Fontemoing et Cie, 1913.

<sup>5</sup> *Ibid.*, Part III, Chapter V.

<sup>6</sup> Cf. Mollie Ray GARROLL, *op. cit.*, p. 6.

<sup>7</sup> Bryce M. STEWART: *Unemployment Benefits in the United States*, pp. 80 and 85; New York, Industrial Relations Counselors, 1930; and U.S. DEPARTMENT OF LABOUR, BUREAU OF LABOUR STATISTICS: *Unemployment Benefit Plans in the United States and Unemployment Insurance in Foreign Countries*, pp. 105-106. Bulletin No. 544; Washington, 1931.

<sup>8</sup> SPATES and RABINOVITCH, *op. cit.*, p. 37.

In Norway, the first trade union unemployment scheme was inaugurated in 1894 by the Norwegian Central Association of Book Printers. In 1900, three other unions established similar systems and by 1904 approximately 10,000 workers were covered by such schemes<sup>1</sup>. In Sweden, an unemployment benefit fund was established in 1884 by the Typographers' Union, and it was not long before other unions followed the example thus set<sup>2</sup>. In most other countries such schemes, like the trade unions which are responsible for them, appear to be a relatively recent development<sup>3</sup>.

To analyse in detail the experience of these trade union schemes would require more space than could be made available in this report. Moreover, although a number of unemployment benefit systems financed solely by workers' contributions are still in existence, the magnitude of their operations—in terms of coverage and of sums involved—is, in comparison with those systems to which employers and/or public funds also contribute, relatively small. Certain considerations arising out of the experience of the trade union schemes are, however, closely relevant to the subject of this Chapter.

It is clear, in the first place, that the spreading of risks involved in these schemes represents a considerable advance over the situation in which the risk of unemployment had to be carried entirely by the individual. It is recognised, too, that the experience acquired in the administration of such schemes has been of great value to the framers of later and more comprehensive schemes of unemployment insurance<sup>4</sup>. Without the data on the extent of unemployment gathered by benefit-paying trade unions, the rough actuarial calculations which it was possible to make on the basis of such data and the technique of administration which they had developed, the difficulty of framing such legislation as the British National Insurance Act of 1911 would have been immeasurably greater. As a first stage in the development of social protection, as a source of valuable experience and, more recently, as a means of supplementing the inadequate benefits provided by national schemes of unemployment insurance, the trade union funds have rendered notable service.

It is, however, equally clear—apart altogether from the considerations of equity discussed in the first section of this Chapter—

<sup>1</sup> Cf. J. LEFORT, *op. cit.*, Part III.

<sup>2</sup> *Ibid.*, Vol. I, pp. 364-365.

<sup>3</sup> *Ibid.*, Part III.

<sup>4</sup> Cf. Mary Barnett GILSON: *Unemployment Insurance in Great Britain*, pp. 34-38. New York, Industrial Relations Counselors, 1931.

that the trade union schemes alone could not furnish a satisfactory practical solution of the problem. Not all workers are members of trade unions, and not all unions possess either the financial strength or the administrative organisation necessary for the provision of unemployment benefits. In 1890, it has been calculated <sup>1</sup>, only one-twelfth of the wage earners in Great Britain were covered in any way by such schemes; and in 1910, when the number so covered had risen to nearly 1 ½ millions (or almost twice as many as in 1890), it was still only about three-fourths of the total number of trade unionists. The trade union membership, moreover, constituted only a fraction of the total working population and consisted mainly of skilled workers. Most of the unskilled, poorly-paid workers, who faced the greatest risks of unemployment, were left unprotected <sup>2</sup>. Such statistics as are available for the United States, where no State or other general system of unemployment benefits is yet in operation, are even more striking. On the basis of an enquiry by the United States Department of Labour, it has been calculated that in April 1931 only 45,000 workers, or about 1 ½ per cent. of the total trade union membership (or one-tenth of 1 per cent. of the total working population) were covered by trade union unemployment benefit plans. Moreover, all of these were skilled workers <sup>3</sup>.

In addition to the limited coverage of the trade union schemes it is necessary to refer briefly to a further important inherent defect in their organisation—namely, the inadequate extent to which they permit of the application of the principle of spreading the risks. The trade unions are frequently composed entirely of workers in a particular industry or trade. The extent of unemployment is, however, unequal in different trades and a complete application of the principles of insurance would require a pooling of the funds from a considerable number and variety of different trades. In the absence of such an arrangement there is always the possibility that a period of prolonged depression in a particular trade will exhaust the reserves of any single union. The conceivable remedy—a pooling of the unemployment funds of all unions—has not in practice proved possible of attainment and would appear to involve administrative difficulties and conflicts of interest of a kind unlikely to be solved by any non-governmental agency.

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<sup>1</sup> Ronald C. DAVISON, *op. cit.*, pp. 15-16.

<sup>2</sup> GILSON, *op. cit.*, pp. 34-55.

<sup>3</sup> Cf. U.S. BUREAU OF LABOUR STATISTICS, *op. cit.*, pp. 19-25 and 105-174

### *Employers' Schemes*

Unemployment benefit schemes financed solely by contributions from employers, or groups of employers, are a much more recent development than the independent trade union schemes. They are, moreover, much fewer in number and more limited in coverage. In the United States, where the attention paid to this type of scheme appears to have been greater than in any other country, an official enquiry carried out in 1931 showed that only fifteen "compulsory plans" of unemployment insurance benefits were in operation, with an effective coverage of approximately 50,000 workers<sup>1</sup>. This number represented, however, a considerable increase as compared with the previous year, when Dr. Bryce Stewart estimated the effective coverage of employers' schemes as about 8,500<sup>2</sup>. In addition certain plans which have recently been established in Rochester with an effective coverage of about 26,000, will come into operation in 1933<sup>3</sup>, and it is expected that a number of new schemes will shortly be established in Wisconsin. In this State a law adopted on 28 January 1932 (cf. table I) provides that unless by 1 June 1933 the employers of not less than 175,000 employees shall have voluntarily established unemployment benefit plans, complying with certain specified standards, a compulsory system shall be set up, to be financed entirely by contributions from employers amounting to 2 per cent. per annum of payrolls. This Act, the intention of which is to ensure that by 1 July 1933 "at least a majority of the employees of the State of Wisconsin will enjoy the protection of fair and adequate systems of unemployment compensation", is, it may be noted, the second<sup>4</sup> in any country to provide for the compulsory establishment of an unemployment benefit system financed solely by contributions from employers<sup>5</sup>.

In Great Britain two industries, the commercial insurance and the banking industries, were enabled to "contract out" of the

<sup>1</sup> U.S. BUREAU OF LABOUR STATISTICS, *op. cit.*, p. 7. The total number of employees in the plants with schemes in operation was about 90,000, but nearly 40,000 of these were not eligible for benefits in the event of unemployment.

<sup>2</sup> *Unemployment Benefits in the United States*, p. 99.

<sup>3</sup> U.S. BUREAU OF LABOUR STATISTICS, *op. cit.*, p. 12, and Carter Goodrich: "Unemployment Reserves by Law", in *The American Labour Legislation Review*, March 1932, p. 34.

<sup>4</sup> The first scheme of this kind was that established in the U.S.S.R., where all contributions were paid by the industrial undertakings concerned.

<sup>5</sup> A detailed summary of the provisions of the Act appeared in *Industrial and Labour Information*, Vol. XLI, 7 March 1932, pp. 236-242.

national system of unemployment insurance under the provisions of section 18 of the Unemployment Insurance Act, 1920<sup>1</sup>, and have maintained special schemes financed solely by employers' contributions. The number of workers covered by the two schemes on 1 January 1931 was about 193,000<sup>2</sup>, and the provision of the Insurance Acts under which they were established requires them to provide benefits at least as favourable as those provided by the State scheme. This they appear to have been able to do without difficulty in consequence of the relatively low rate of unemployment in the two industries covered<sup>3</sup>. In addition, a certain number of employers have established schemes designed to provide their workers who may become unemployed with additional benefits supplementary to those provided by the State scheme. An enquiry made in 1929-1930 showed that less than 50,000 workers were covered by such schemes<sup>4</sup>.

In Germany, although certain employers have at various times organised unemployment insurance funds<sup>5</sup>, the movement has never attained any considerable proportions.

Apart from the various theoretical advantages and disadvantages of placing the entire cost of unemployment benefits on employers, it may be noted that voluntary employers' schemes limited to a single firm or industry exemplify in a marked degree the inherent practical defect noted above as characteristic of trade union schemes. They do not permit an adequate spreading of the risks of irregular operation and unemployment. No system of protection against the consequences of unemployment which is primarily dependent on the survival, or even on the continued prosperity, of the individual firm, can be said to provide the worker with an adequate guarantee against loss of his livelihood. The constitution of adequate reserve funds "invested outside the business and vested in independent trustees"<sup>6</sup> might offer a way out of

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<sup>1</sup> The privilege of "contracting out" was withdrawn by an Act of 1921.

<sup>2</sup> *Minutes of Evidence taken before the Royal Commission on Unemployment Insurance*, 11 June 1931.

<sup>3</sup> Cf. GILSON, *op. cit.*, p. 6.

<sup>4</sup> Mary B. GILSON and E. J. RICHES: "Employers' Additional Unemployment Benefit Schemes in Great Britain", in *International Labour Review*, March 1930, pp. 348-394.

<sup>5</sup> Cf. CARROLL, *op. cit.*, p. 7. The best known of these employers' schemes and the only one of any size is that of the Karl Zeiss Optical Works at Jena.

<sup>6</sup> Recommended in this connection by the (British) Joint Conference on Industrial Reorganisation and Industrial Relations (Melchett-Turner Conference) in its *Joint Interim Report on Unemployment* (p. 14) adopted on 12 March 1929.



the difficulty which would be within the reach of a minority of financially strong firms, but for the great majority of employers such a method is scarcely within the limits of practical possibility. It has not, in fact, been adopted by more than a very small minority of the firms involved. For example, of the thirteen American employers' schemes covered by Dr. Bryce Stewart's enquiry, only two had trusteed funds for unemployment benefits. In every other case the payment of benefits was wholly dependent on the financial condition of the firm concerned and could, in fact, be abandoned at any time <sup>1</sup>.

In the only compulsory and large-scale application of the principle of employers' schemes—that provided for in the recent Wisconsin law—only a limited solution of these problems is attempted. No provision is made for the pooling of employers' funds; the obligation of each employer to contribute ceases when his Unemployment Reserve Fund Account has a reserve of 75 dollars per employee; the benefit period is limited to a maximum of ten weeks in any calendar year, and the benefit liability of each employer's account is strictly limited.

It may be doubted, finally, whether there is much likelihood of independent voluntary schemes ever being developed in sufficient number to cover a substantial proportion of the workers engaged in industry. In the United States, where more attention has been paid to them than in any other country, they cover only an insignificant number and proportion of the workers and, as in Great Britain, are confined to firms which are able to maintain a regularity of operation very much higher than the average. For the firm of average or less than average degree of regularity the cost of maintaining an adequate unemployment benefit system would be so high as to be virtually prohibitive.

### *Joint Schemes*

The relative importance—in terms of coverage and of sums involved—of independent voluntary unemployment benefit schemes financed jointly by workers and employers, has also been small in most countries as compared with that of schemes partly financed by public contributions. In Great Britain, according to the enquiry referred to above <sup>2</sup>, about 7,500 workers were covered by such schemes in 1929 in the match industry and the Bradford

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<sup>1</sup> Stewart, *op. cit.*, p. 155.

<sup>2</sup> GILSON and RICHES, *op. cit.*, pp. 352-356.

Dyeing Industry. In the United States sixteen joint schemes, covering in all some 65,000 workers, were in operation in April 1931. 43,000 out of the 65,000 covered were workers in the men's clothing industry in Chicago, New York City and Rochester<sup>1</sup>.

Although the financial basis of these schemes has not been so precarious as that of the company plans, the weaknesses of the latter have been evident to a less marked degree in the former. In a number of cases the existence of the scheme has been maintained and its fund saved from exhaustion only by reducing rates of benefit whenever severe unemployment has developed. The possibilities of growth and extension of such joint schemes appear, moreover, as in the case of the employers' schemes, to be extremely limited.

Very different in character from these limited and voluntary schemes are the Italian and Polish<sup>2</sup> national compulsory systems of unemployment insurance financed (according to the provisions of the legislation in force) by contributions from employers and workers<sup>3</sup>. Statistics of the financial operations of these systems are given in table IV.

## Italy

In Italy, where some 4,500,000 workers were covered by the system in 1931, a considerable reserve fund has been accumulated as a consequence of the rates and duration of benefit being strictly limited and kept low relatively to contributions. Even in 1930, a year of economic depression, the total receipts of the fund exceeded the total expenditure by more than 50,000,000 lire, and the reserve fund was increased to a total of approximately 905.8 million lire—a sum more than seven times as great as the total expenditure of the fund in 1930 and nearly nine times as great as the amount (101.9 million lire) paid out in unemployment benefits in that year. This latter sum was by far the greatest amount paid in benefits in any year since the inception of the system<sup>4</sup>. The highest total previously reached was 84.6 million lire in the fiscal year 1921-1922. By 1925 the amount paid in benefits had reached its lowest point (14.1 million lire), from which it rose to 65.8 million lire in 1927 and then fell to 59.1 million lire in 1929. Administrative expenses, which amounted to 9.7 million lire in 1927, fell to 9.0 million lire in 1928 and then rose gradually to 13.7 million lire in 1930.

<sup>1</sup> U.S. BUREAU OF LABOUR STATISTICS, *op. cit.*, p. 14.

<sup>2</sup> The reference is to the Polish unemployment insurance for non-manual workers. The unemployment insurance system for manual workers in Poland is financed by contributions from public funds as well as from employers and workers.

<sup>3</sup> Provision was originally made in the Italian system (by Decree of 21 April 1919) for a contribution of 40 million lire per year from the State to the Unemployment Insurance Fund, but this contribution was paid only for the fiscal years 1920 and 1921.

<sup>4</sup> Figures for 1931 were not available when this study went to press, but it was known that the expenditure of the fund in that year would greatly exceed the 1930 figure. The number of daily benefits paid in 1931 was almost twice as great as the number paid in 1930 (48.2 million as against 28.7 million). (CASSA NAZIONALE PER LE ASSICURAZIONI SOCIALI: *L'Assicurazione contro la Disoccupazione in Italia*, Dec. 1931, p. 19.)

## Poland

In Poland a system of compulsory unemployment insurance for non-manual workers has been in operation since 1926, and covered approximately 251,000 workers at the end of 1931.

The system is financed jointly by contributions from workers and employers totalling 2 per cent. of the average salary (not including any part in excess of 560 zlotys per month) of the insured worker during the twelve preceding months. In the case of salaries under 60 zlotys per month, the entire 2 per cent. is paid by the employer. In the case of salaries ranging from 60 to 400 zlotys per month, the employer (who is responsible for payment of the contribution) may deduct two-fifths of the amount due from the salary paid; in the case of salaries of from 400 to 800 zlotys the employer may deduct one-half of the contribution due; and in the case of salaries above 800 zlotys, three-fifths of the contribution.

In 1930, the receipts of the fund amounted to 22,229,000 zlotys, of which 19,431,000 zlotys represented contributions and 2,793,000 zlotys interest; the expenses amounted to 17,636,000 zlotys, of which 15,909,000 zlotys in respect of current benefits, 410,000 zlotys for "single payments" and 1,233,000 zlotys for cost of administration. On 31 December 1930, the balance in hand exceeded 40 million zlotys, of which more than 26 million were in the bank or in the form of securities and nearly 10 million represented contributions in arrears. On the other hand, the liabilities of the fund amounted to 1½ million zlotys.

## SYSTEMS FINANCED PARTLY BY CONTRIBUTIONS FROM PUBLIC FUNDS

With the exception of the Italian system and the Polish unemployment insurance for non-manual workers, discussed above, every large-scale system at present in operation for the provision of unemployment benefits is in practice financed at least in part by contributions from public funds or by the proceeds of special taxation. None of the systems is financed by contributions from employers and public funds alone; a number are financed jointly by trade union and public contributions; rather more receive contributions from all three sources—workers, employers and public authorities; and a number of others are financed by public funds alone or by the proceeds of special taxation.

### *Contributions from Workers and from Public Funds*

In Belgium, Czechoslovakia, Finland, France, the Netherlands, Norway and Switzerland, unemployment benefit systems are in operation financed partly by contributions from workers and partly by contributions or subsidies from public funds. In almost every case the system is on a voluntary basis and the great majority of the workers covered are members of trade unions. Legislative provision for such a system has also been made in Spain, and steps have been taken to put it into effective operation.

## Belgium

A national system of voluntary unemployment insurance is in operation in Belgium, and was estimated to cover in March 1932 some 818,000 workers.

The workers' contributions to the primary insurance societies vary in different societies and in different occupations; in 1930 the total annual contribution ranged from an average of 2.32 Belgian francs per worker in the public services to 72.50 francs per worker in the tobacco industry and averaged 35.65 francs per insured worker over the whole range of industries. As, moreover, the State pays a subsidy to the unemployment insurance societies which since 1927<sup>1</sup> has amounted to 66 per cent. of the workers' contributions and as in addition the National Emergency Fund may take over the benefit liabilities of primary insurance societies whose resources are exhausted, it may be deduced that the proportion of the total receipts of the primary societies represented by State contributions was not less in any year than two-fifths of the total receipts shown in the following table. The total contributions from public authorities included, in addition to these State subsidies, the various subsidies of the communes.

BELGIUM: RECEIPTS AND EXPENDITURE OF VOLUNTARY  
UNEMPLOYMENT INSURANCE SOCIETIES<sup>1</sup>

Year	Average annual contribution per insured worker  (Belgian francs)	Average annual benefit paid per insured worker  (Belgian francs)	Total receipts of the societies <sup>2</sup>	Total expen- diture of the societies <sup>4</sup>	Excess (+) or deficit (—) of receipts over expenditure	Reserve at end of year
(Millions of Belgian francs)						
1925	21.5	26.9	20.9	19.8	+ 1.2	18.9
1926	22.4	22.5	23.8	17.1	+ 6.7	25.7
1927	29.3	38.5	29.8	29.3	+ 0.5	26.2
1928	29.1	34.9	38.0	28.5	+ 9.5	35.7
1929	34.0	38.4	42.7	31.0	+ 11.7	47.4
1930 <sup>2</sup>	35.7	86.5	49.0	66.7	— 17.7	29.7

<sup>1</sup> *Revue du Travail*, Déc. 1930.

<sup>2</sup> 1930: Henri PAUWELS: *Les Bases techniques de l'assurance-chômage*. Report presented to the Unemployment Section of the Belgian Association for Social Progress, May 1932, p. 9.

<sup>3</sup> These figures include the contributions of the insured persons, the subsidies of the State, the provinces and the communes, the interest on invested funds and other receipts.

<sup>4</sup> Including the expenses of administration.

In 1929—a year of prosperity—subsidies from the State to the primary societies amounted to approximately 15.5 million Belgian francs; those from the provinces to 1.6 million francs, and those from the communes to 0.8 million francs. In addition, the provinces paid out directly in the form of unemployment benefits some 3.5 million francs and the communes over 7.4 million francs<sup>2</sup>.

The total expenditure on "principal" benefits (i.e. excluding allowances for dependants) by the National Emergency Fund amounted to 27.6 million francs for the period 1925-1929 inclusive (ranging from 4.1 million francs in 1925 to 6.0 million francs in 1927), approximately 32 million francs for the year 1930 and 365 million francs for the year 1931<sup>3</sup>.

In addition, it paid out large sums as dependants' benefits—the total for this purpose in 1930 being in excess of 33.3 million francs. State subsidies

<sup>1</sup> Before 1927 this subsidy was only 50 per cent. of the contributions.

<sup>2</sup> Ernest MAHAÏM: *Le Chômage en Belgique et le Fonds National de Crise*, p. 12. Brussels, 1931.

<sup>3</sup> PAUWELS, *op. cit.*, pp. 9 and 14.

to the Emergency Fund totalled over 49 million francs for the period 1925-1929 (1 million in 1925, 20 million in 1929), 10 million francs in 1930, and 400 million in 1931 <sup>1</sup>.

The information available does not enable an exact calculation to be made of the proportion of total expenditure on unemployment benefits during the year 1930 which was covered by workers' contributions in the same year, but as this total can scarcely have been less than 130 million francs and the workers' contributions did not exceed 23 million francs <sup>2</sup>, it would seem likely that the proportion was less than one-fifth. In 1931, if one is to judge by the tremendous increase in benefits paid by the Emergency Fund (which in that year received a subsidy of 400 million francs <sup>3</sup>), the proportion of the total represented by workers' contributions must have fallen to a very much smaller fraction.

### Czechoslovakia

Voluntary unemployment insurance, which has been in operation in Czechoslovakia since 1 April 1925, was estimated to cover approximately 1,356,000 workers in April 1932.

The unemployment benefits paid by the trade unions come from funds set aside from receipts for membership dues. The latter vary in amount in different unions, as also do the rates of unemployment benefits paid. The rates of State contributions at present in force are shown in table III. Previous to 1930 State contributions were at a substantially lower rate, but in that year it was found necessary, in view of the fact that the resources of the trade unions were inadequate to cope with the greatly increased volume of unemployment, to increase the rates to the level at present in force.

Information is available as to the amounts paid out in benefits by the unions and the State in the years 1926-1931 inclusive. This information, together with a calculation therefrom of the proportions of total expenditure on benefits borne by the workers and the State, is given in the following table:

CZECHOSLOVAKIA: UNEMPLOYMENT BENEFITS PAID, 1926-1931

Year	Amount of unemployment benefits paid <sup>1</sup>			Percentage of total provided by	
	Out of trade union funds	Out of State subsidies	Total	Unions	State
	Millions of Czechoslovak crowns				
1926	15.0	20.0	35.0	43	57
1927	13.3	17.8	31.1	43	57
1928	10.6	13.9	24.5	43	57
1929	13.8	18.5	32.3	43	57
1930	15.6	47.7	63.3	25	75
1931	80.0	241.1 <sup>2</sup>	321.1	22	78

<sup>1</sup> Dr. Eugen STERN: "Kritische Analyse der Arbeitslosenfürsorge in der Tschechoslowakei", in *Soziale Revue* (published by the Czechoslovak Ministry of Social Affairs), Vol. II, 1932, Nos. 1-2.

<sup>2</sup> Including a special State subsidy of 20 million crowns paid to trade unions who had exhausted their reserves.

The State subsidy was maintained at 57 per cent. of total unemployment benefits paid in the years 1926-1929 inclusive, and then rose, consequent on the adoption of the legislation at present in force, to 75 per cent. in 1930 and 78 per cent. in 1931.

<sup>1</sup> *Ibid.*

<sup>2</sup> Cf. MAHAJIM, *op. cit.*, p. 12.

<sup>3</sup> PAUWELS, *op. cit.*, pp. 9 and 14.

It may be noted finally that the cost to the State of subsidising unemployment benefits has been less in every year but one since the inception of the present system than in any year preceding its establishment. The following were the amounts paid out by the State as unemployment benefits in the years 1919-1925<sup>1</sup>:

	Millions of Czechoslovak crowns
1919 . . . . .	254.2
1920 . . . . .	80.4
1921 . . . . .	64.2
1922 . . . . .	150.6
1923 . . . . .	311.0
1924 . . . . .	118.2
1925 (up to 31 March) .	28.7

## Finland

The voluntary system of unemployment insurance which was established in Finland in 1918 did not at first develop very quickly, partly because unemployment was not severe in the years immediately following its establishment and partly because the benefits provided were very low in amount. In 1924 only six funds applied for Government subsidies and the number of members covered by these funds was only 19,644. By the end of 1928 the number so covered was in excess of 68,600. During 1930 most of the insurance funds are reported to have ceased operating, the trade unions which had administered them being dissolved for alleged communist activities.

Rates of contributions vary from one fund to another and in each case are fixed by the members of the fund. They must, however, be sufficient for the purposes of the law (if the fund is to qualify for the State subsidy) and in practice they are related to wages earned and vary between 40 Finnish pennies and 1 Finnish mark per week. The State pays over to the funds once every six months a sum calculated on the basis of the amount of insurance benefit paid out. This State contribution amounts to two-thirds of the benefits paid to a married man with dependent children under fifteen years and one-half of the benefits paid to others.

The latest statistics available are for the year 1928 when nine unemployment insurance funds received State subsidies. In that year, as is shown in table IV, workers' contributions amounted to 156 per cent. of total expenditure and the State subsidy to 31.7 per cent. Receipts exceeded expenditure by 894,000 marks. Administration expenses amounted to 31.9 per cent. of the total expenditure of 750,000 marks.

## France

Detailed statistics covering the operations of the voluntary unemployment insurance funds in France are not available. It has, however, been estimated that the total number of members of unemployment insurance funds at the end of the second quarter of 1930 was 173,000<sup>2</sup>.

The workers' contributions to the various funds are said to vary in most cases from 50 centimes to 3 French francs per month, though some of the funds have required as much as 14 francs per month. The latest statistics available of State contributions to the funds are for the year 1928, when they totalled 490,655 French francs. In the same year the funds paid out in benefits a total of 1,427,364 francs.<sup>3</sup> A limitation is set on the maximum benefits and on the maximum benefit period in respect of which State contributions are payable. An unemployment fund must operate for at least six months (or have funds

<sup>1</sup> Dr. Eugen STERN: "Kritische Analyse der Arbeitslosenfürsorge in der Tschechoslowakei", in *Soziale Revue*, Vol. II, 1932, p. 10.

<sup>2</sup> Chamber of Deputies Document No. 5834 (1932), p. 44.

<sup>3</sup> *Bulletin du Ministère du Travail*, July-September 1930, p. 318. According to the report for 1929 which has just appeared, the total subsidies of the State to the funds in question amounted in that year to 453,110 francs and the benefits paid by these funds to their members amounted to 1,341,951 francs *ibid.*, April-June 1932, p. 153).

representing six months' contributions from its members) before it becomes entitled to enjoy the regular State aid. It is also provided that as a condition of the receipt of State subsidies at the full rate the contributions from members of the fund must equal, during the six months preceding the claim for subsidy, at least one-third of the amount paid in benefits to unemployed members during the same period.

Certain departments and communes, mainly in industrialised regions, also make contributions of varying amounts to the unemployment insurance funds. No State subsidy is allowed on benefits paid from funds contributed by local authorities or from funds derived from any source other than the contributions of members.

## Netherlands

The system of voluntary unemployment insurance administered by the trade unions which has been in operation in the Netherlands since 1917 was estimated to have in May 1932 an effective coverage of some 496,000 workers, or about one-third of the number of industrial workers in the country.

As indicated in the summary table, the rates of workers' contributions vary in different funds and the subsidies from public authorities vary accordingly. The workers' contributions, which are fixed by the unions themselves, usually vary in proportion to age and to wages. In 1930 the average annual contribution per member was 12.40 florins<sup>1</sup>.

Statistics of the operations of the funds for the period 1921 to 1931 are given in table IV. Total expenditures, which in 1921 reached a maximum for the post-war depression of 15.2 million florins, fell to 5.1 million in 1925 and rose to 8.1 million in 1929, 11.6 million in 1930 and 24.9 million in 1931. The receipts of the funds varied more or less proportionally, but on the whole exceeded expenditures, and at the end of 1930 the total reserves amounted to 8.7 million florins. In 1931 receipts were less than expenditure by 2.9 million florins.

Contributions from workers in each year have varied since 1923 between 35.3 per cent. (1931) and 75.0 per cent. (1928) of total expenditures in the same year, and have averaged 58.4 per cent. The corresponding ratio in the case of contributions from public authorities has varied since 1923 between 48.3 per cent. (1930) and 76.5 per cent. (1929), and has averaged 66.7 per cent.

## Norway

The system of voluntary unemployment insurance which has been in operation in Norway, with various changes, since 1915 covered altogether about 47,000 workers in April 1932, or about one seventh of the total number of wage earners in the country<sup>2</sup>.

The workers' contributions vary in different funds according to the number of unemployed persons receiving benefit and the amount of benefit paid, and are said to range from 0.15 to 2 kroner per week<sup>3</sup>. As the subsidy from public funds amounts to one-half the total benefits paid, the contributions from workers must also amount to one-half the total. Of the State subsidy two-thirds is recoverable from the communes in which the persons receiving benefit last resided for a period of six consecutive months. The net contribution from the State Treasury thus amounts to one-sixth of the amount paid in benefits.

The proportions of actual total expenditure of the funds in each year covered by contributions from the workers during the same year have varied since 1924<sup>4</sup> between 26.7 per cent. (1926) and 63.2 per cent. (1929). The corres-

<sup>1</sup> Calculated from the statistics of average membership and total contributions in *Werkloosheidsverzekering Wachtgeldregelingen*, 1930, pp. 11 and 86. The Hague, Ter Algemeene Landsdrukkerij, 1932.

<sup>2</sup> The number of insured workers in 1929 according to the U.S. BUREAU OF LABOUR STATISTICS, *op. cit.*, p. 331, was 37,945.

<sup>3</sup> *Ibid.*, p. 329.

<sup>4</sup> During the period of depression 1918-1924, special provision was made by temporary legislation for extended periods of benefit, and a number of special State subsidies were granted, the last being to the amount of approximately

ponding proportions in the case of contributions from public funds have varied between 29.2 per cent. (1925) and 55.0 per cent. (1929).

## Switzerland

In Switzerland, under the legislation at present in force, there are two types of unemployment fund financed jointly by contributions from workers and public authorities—namely the trade union funds and the public funds<sup>1</sup>. At the end of 1931 their total membership was 329,860, or 79.1 per cent. of the total number of insured workers.

### Trade Union Funds

Trade union unemployment insurance funds are subsidised by the Federal Government, the cantons and by certain communes. At the end of 1931 they had a membership of 218,618, or 57.3 per cent. of the total number of workers in Switzerland covered by unemployment insurance funds. The membership of the trade union funds has increased steadily since 1926, as is shown in the following table, but has formed a gradually diminishing proportion of the total number of insured workers.

Contributions from members vary in different funds, as shown in table III, from 0.40 to 2 Swiss francs per month from each worker, but it is a condition of the receipt of subsidies that they must cover 30 per cent. of the benefits paid. The rates of Federal and cantonal subsidies are set out in the following table. In actual practice, as the figures in the table given below indicate, total subsidies from public authorities expressed as a percentage of total benefits paid have varied since 1925 between 50.8 per cent. (1925) and 81.9 per cent. (1931), and have averaged 64.0 per cent.

The table shows in addition the amounts actually paid out in benefits and draws attention to the great increase in 1930 and 1931 both in total benefits and in the proportion covered by public contributions.

SWITZERLAND: TRADE UNION UNEMPLOYMENT INSURANCE FUNDS, 1925-1931<sup>1</sup>

Year	Membership of funds		Total benefits paid	Amounts of subsidies from public authorities		Total subsidies from public funds as percentage of total benefits paid
	Number of members <sup>2</sup> (thousands)	Percentage of total insured persons		Federal	Cantonal and municipal	
(1)	(2)	(3)	Thousands of Swiss francs			(7)
1925	— <sup>3</sup>	— <sup>3</sup>	1,387	411	294	50.8
1926	136.5	83.5	2,492	731	615	54.0
1927	158.7	62.4	3,660	1,071	1,078	58.7
1928	164.4	61.7	3,135	921	958	59.9
1929	177.9	61.2	4,072	1,350	1,307	65.3
1930	186.7	59.2	11,008 <sup>4</sup>	3,956 <sup>4</sup>	4,600 <sup>1</sup>	77.7 <sup>4</sup>
1931	218.6	57.3	24,430 <sup>1</sup>	8,808 <sup>4</sup>	11,200 <sup>4</sup>	81.9 <sup>4</sup>

<sup>1</sup> Source: 1925-1929: Official figures cited in T. G. SPATES and G. S. RABINOVITZ: *Unemployment Insurance in Switzerland*, pp. 140-141. New York, Industrial Relations Counselors, 1931. 1930-1931: membership figures: OFFICE FÉDÉRAL DE L'INDUSTRIE, DES ARTS ET MÉTIERS ET DU TRAVAIL: *Les résultats des statistiques sociales de la Suisse arrêtés à la fin de 1931*. Berne, 1932; Benefits and Subsidies: communication to the International Labour Office. The percentages in col. 7 are calculated from figures in cols. 4-6.

<sup>2</sup> Membership at end of September for the years 1926 to 1929 and 1931, and at end of year in 1930.

<sup>3</sup> Figures not available.

<sup>4</sup> These figures are provisional, but such corrections as may be made are likely to be of relatively little importance.

150,000 kroner in 1923. The amount granted as special subsidy reached a maximum in 1921 (2,184,000 kroner) and amounted to 868,000 kroner in 1922. (U. S. BUREAU OF LABOUR STATISTICS, *op. cit.*, p. 330-331.)

<sup>1</sup> For the joint funds subsidised by public authorities, see pp. 198-199.



### Public Funds

Public—cantonal and municipal—unemployment insurance funds financed jointly by contributions from the workers and from public authorities are in operation in rather more than half the Swiss cantons, and at the end of 1931 covered 87,578 members, equal to 23.0 per cent. of the total insured population. Their total membership and their relative importance as compared with trade union and joint funds have increased steadily since their inception.

Members' contributions vary in the different funds. Rates of subsidies from public authorities provided for in the legislation are summarised in table III. In practice, subsidies from public funds in each year expressed as a percentage of total benefits in the same year have varied since 1925 between 68.6 per cent. (1926) and 92.5 per cent. (1925), and have averaged 82.6 per cent.—a proportion considerably higher than in the case of the trade union funds.

Details of membership, benefits and subsidies comparable with those given above for the trade union funds are shown in the following table.

SWITZERLAND: PUBLIC UNEMPLOYMENT INSURANCE FUNDS, 1925-1931 <sup>1</sup>

Year	Membership of funds		Total benefits paid	Amounts of subsidies from public authorities		Total subsidies from public funds as percentage of total benefits
	Number of members <sup>2</sup> (thousands)	Percentage of total insured persons		Federal	Cantonal and municipal	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
Thousands of Swiss francs						
1925	— <sup>3</sup>	— <sup>3</sup>	803	321	422	92.5
1926	20.1	12.3	1,505	601	432	68.6
1927	43.6	18.4	2,166	863	870	80.0
1928	48.1	18.2	1,981	791	791	79.9
1929	55.3	19.1	2,231	908	934	82.6
1930	62.4	19.8	3,639 <sup>4</sup>	1,575 <sup>4</sup>	1,500 <sup>4</sup>	84.5 <sup>4</sup>
1931	87.6	23.0	7,581 <sup>4</sup>	3,415 <sup>4</sup>	3,400 <sup>4</sup>	89.9 <sup>4</sup>

<sup>1</sup> Source: 1925-1929: Official figures cited in SPATES and RABINOVITCH, *op. cit.*, pp. 13-67. 1930-1931: membership figures: OFFICE FÉDÉRAL DE L'INDUSTRIE, DES ARTS ET MÉTIERS ET DU TRAVAIL *Les résultats des statistiques sociales de la Suisse arrêtés à la fin de 1931*. 1931: Berne, 1932; Benefits and subsidies, communication from the Federal Government. The percentages in col. 7 are calculated from figures in cols. 4-6.

<sup>2</sup> Membership at end of September for the years 1926 to 1929 and 1931, and at end of year in 1930.

<sup>3</sup> Figures not available.

<sup>4</sup> These figures are provisional, but such corrections as may be made are likely to be of relatively little importance.

### *Contributions from Workers, Employers and Public Authorities*

Unemployment benefit systems financed by contributions from workers, employers and public funds are at present in operation in Australia (Queensland), Austria, Bulgaria, Denmark, Germany, Great Britain, the Irish Free State, Poland (manual workers), and certain cantons of Switzerland. In addition, legislative provision for such a system has been made in Luxemburg, but the law is not yet applied. In the majority of cases the system is on a compulsory basis.

### Australia (Queensland)

The compulsory system of unemployment insurance which has been in operation in Queensland since 1 March 1923 has been estimated to cover between 160,000 and 170,000 workers.

The cost of operation of the system is shared by workers, employers and the State Treasury—present contributions being at the rate of 6d. per week from each source in respect of every worker employed. The present rate has been in force since 1 July 1928, the original rate of 3d. per week and the rate of 4d. per week in force from 1 July 1927 to 30 June 1928 having proved inadequate to maintain benefits at the rates provided for in the legislation. In actual fact, as is shown in table IV, the State contribution has been less, in every year but one, than that paid by workers or employers. In 1930-1931 it was, however, substantially greater (if advances be regarded for the purpose of this comparison as an exceptional "contribution") as the result of a net sum of £A.28,069 14s. 2d. being advanced by the Treasury to enable the Fund to meet an unusually high load of benefit payments. State contributions in each year expressed as a percentage of total expenditure in the same year varied between 24.4 per cent. (1926-1927) and 44.9 per cent. (1923-1924). The corresponding percentages for employers' contributions and workers' contributions varied in each case between 24.2 per cent. (1926-1927) and 49.3 per cent. (1923-1924). The amounts of State contributions varied between £A.70.7 thousand in 1924-1925 and £A.175.2 thousand (subsidy of £A.28.1 thousand included) in 1930-1931; and the workers' contributions and employers' contributions each varied between £A.77.7 thousand in 1924-1925 and £A.163 thousand in 1930-1931. Administrative and general expenditure in the latter year represented 4.8 per cent. of total expenditure.

The amount of the reserve fund rose steadily in the first years of operation to a maximum of £A.177.6 thousand at the end of the financial year 1925-1926, then fell to £A.10.7 thousand on 30 June 1928, rose again to £A.63 thousand on 30 June 1929, and was reduced during the financial year 1930-1931 to a debt of £A.28.1 thousand. In the words of the last annual report<sup>1</sup>: "The accumulation of a large reserve is not popular, as it tends to promote demands either for reduction of contributions or increase in benefits. It is not surprising, therefore, that in a period of sustained unemployment some difficulty should be experienced in financing sustenance payments". In order to meet the strain on the Fund in 1930-1931, the rates of benefit were reduced, and it was decided that no person should be entitled to sustenance payments whose income during the twelve months preceding the date of his claim had exceeded £A.220.

### Austria

The system of compulsory unemployment insurance which has been in operation in Austria, with various changes, since 1920, was estimated to cover about 979,000 workers in October 1931. The system was not originally based strictly on actuarial calculations, since it was not considered possible to forecast with any certainty the future trend of unemployment.

Contributions are made by workers, employers and public authorities to both branches—*ordinary* and *extraordinary*—of the insurance system. The rates of contribution are set out in summary form in table IV above. The contributions by the Federal Government to the *ordinary* insurance are limited in principle to one-third of the cost of administration except in years when the total cost of the insurance exceeds 100 million schillings. In the latter event the Federal Government pays one-third of the cost in excess of 100 million schillings as an "emergency subsidy".

Statistics covering the operations of the system since 1923 (i.e. since the effective stabilisation of the Austrian currency) are given in table IV. In practice, although the expenditure of the Fund was less than 100 million

<sup>1</sup> QUEENSLAND: DEPARTMENT OF LABOUR: *Eighth Annual Report on Operations under the Unemployed Workers' Insurance Acts, 1922-1930*, p. 1. Brisbane, 1931.

schillings in four out of the eight years covered, there were only two years—1923 and 1924—when it was not necessary for the Federal Government to come to the assistance of the Fund. The share of the total expenditure in each year borne by Federal contributions and advances varied between 7.9 per cent. (1928) and 34.0 per cent. (1930). By the end of 1930 the advances outstanding amounted to nearly 100 million schillings, and it was anticipated that the continued strain on the Fund would raise the total to over 150 million schillings by the end of 1931.

The proportions of total expenditure in each year represented by workers' contributions and by employers' contributions during the same year varied in each case between 33.0 per cent. (1930) and 50.3 per cent. (1924).

In principle, the cost of the *extraordinary* insurance (which has been in operation since 1925) is borne to the extent of one-quarter each by employers and workers, one-sixth by the Federal Government, and one-third by the provinces (cf. table III). In practice the contributions from workers and employers in each year have varied in each case between 15.5 per cent. (1930) and 33.3 per cent. (1928) of the expenditure of the Fund in the same year. The total of public contributions (including advances) expressed as a percentage of total expenditure in the same year has varied between 49.0 per cent. (1928) and 58.5 per cent. (1925). Total expenditures have ranged from 2 million (1925) to 60.4 million schillings (1927), and in 1930 were 56.3 million. At the end of 1930 the debit balance of the Fund was 11.7 million schillings.

If the figures for both types of insurance—*ordinary* and *extraordinary*—be lumped together, the proportions in question (contributions in each year expressed as per cent. of total expenditure in the same year) varied between 28.1 per cent. (1930) and 41.7 per cent. (1928) in the case of workers' contributions, as in the case of employers' contributions, and between 20.5 per cent. (1928) and 39.5 per cent. (1930) in the case of contributions from public authorities. The total expenditure of the two forms of insurance rose from 126.5 million schillings in 1925 to 206.7 million schillings in 1930.

The total cost of administration for the two systems amounted in 1930 to 12.6 million schillings<sup>1</sup>.

## Bulgaria

The Bulgarian system of compulsory unemployment insurance, which has been in operation since 1 April 1926, is financed by contributions from workers, employers and the State, each party paying 1 leva per week at the present time in respect of each worker employed. In addition, provision is made under the Act of 4 April 1931 for contributions at the rate of 1 per cent. of wages and salaries paid by building contractors for public institutions.

The number of workers covered by the system increased from approximately 218,000 (out of a total of 223,000 wage earners) in 1927 to 278,000 (out of a total of 306,000 wage earners) in 1930.

As is shown in table IV receipts greatly exceeded expenditure in each year up to the middle of 1930. Later statistics were not available at the time when the present report was prepared. Workers and employers each contributed 50 per cent. of the total receipts of the fund in 1927 and 1928, 43.7 per cent. in 1929, and 41.0 per cent. in the first six months of 1930. Public authorities contributed 12.5 per cent. of total receipts in 1929 and 18.0 per cent. in the first six months of 1930. Contributions from workers and from employers in each year, expressed as a percentage of total expenditure in the same year were each in excess of 246 per cent. in 1927, 118 per cent. in 1928, 263 per cent. in 1929, and 150 per cent. in the first half of 1930. Contributions from public authorities represented 76.0 per cent. of total expenditure in 1929, and 65.7 per cent. in the first half of 1930.

## Denmark

Voluntary unemployment insurance with contributions from public authorities has been in operation in Denmark since 1907. The system in force from

<sup>1</sup> *Ämtliche Nachrichten des Bundesministeriums für soziale Verwaltung*, May-June 1931, p. 208.

1 July 1927 until the recent passage of amending legislation is estimated to have covered in May 1932 about 306,000 workers (or about two-fifths of the total number of wage earners). Membership of an unemployment insurance fund is contingent on membership of a trade union or other organisation of workers authorised by law; membership of such an organisation is voluntary, but once it has been attained membership of the unemployment insurance fund of that organisation becomes practically compulsory.

Workers' contributions vary in different funds. The proportion of total expenditure borne by public authorities—the State and the communes—has also varied considerably from time to time. The burden on the funds was greatly increased by the exceptionally high unemployment of the war period, and legislation was passed in 1917 increasing the share of the total cost borne by State contributions. It has been estimated that during the years 1917 to 1921 the State paid out some 62 million kroner and the municipalities some 22.2 million kroner to the unemployment funds, while the members' contributions were comparatively insignificant. Under the Act of 22 December 1921 an attempt was made to shift the burden; the contributions of local and municipal authorities were increased to one-third of the membership fees and a Central Unemployment Fund was created, to be financed mainly by contributions from employers. This latter fund never reached the amount of 50 million kroner originally envisaged, and in 1924 amending legislation reduced the total aimed at to 30 million kroner and reduced the rates of contributions. By the Act of 1 July 1927 the rates of employers' contributions to the Central Fund were further reduced (to 2 kroner per worker per year in the case of rural workers, and 3 kroner in the case of other workers) and the maximum of the fund was set at 12 million kroner. Only the interest on this sum was to be used for contributions to the emergency funds of the individual unemployment insurance funds.

The legislation of 1924 also aimed to reduce the share of the cost of the individual funds borne by public authorities to 40 per cent. (as compared with some 46 per cent. previously). The 1927 legislation provided for a State subsidy to the individual funds ranging from 10 per cent. of members' contributions in the case of members with annual wages in excess of 4,000 kroner to 40 per cent. in the case of members with wages below 1,500 kroner. It provided also for a subsidy from the communes ranging from 5 per cent. of contributions in the case of members with wages in excess of 4,000 kroner to 30 per cent. in the case of members with wages below 2,000 kroner.

In actual practice, as the figures in table IV show, the total public contributions to the *ordinary insurance funds* in each year expressed as a percentage of their total expenditure in the same year have varied, since 1920-1921, between 20.4 per cent. (1921-1922) and 71.0 per cent. (1924-1925), and have averaged 41.8 per cent. It is necessary, however, in considering these figures, to remember that both State and municipal contributions to the ordinary insurance funds (as distinct from their emergency funds) are not paid over to the funds until one or two years after the year to which they apply. The substantial surplus of receipts over expenditure in 1928-1929, and particularly in 1929-1930, is thus accounted for partly by the fact that these years were relatively prosperous, with less unemployment than was expected when the rates of members' contributions were fixed, and partly by the fact that the contributions received in those years from the public authorities were at the rate corresponding to previous years when unemployment had been severe. Workers' contributions in each year since 1920-1921 expressed as a percentage of total expenditure in the same year have varied between 43.8 per cent. (1925-1926) and 95.3 per cent. (1929-1930), and have averaged 65.2 per cent.

Over the whole period (and in nine out of the eleven years covered) receipts have exceeded contributions. The reserves of the funds totalled 21 million kroner at 31 March 1931.

Statistics of the operations of the *emergency funds* of the voluntary insurance funds disclose that contributions from public authorities represented 19.5 per cent. of total expenditures in 1928-1929, 81.2 per cent. in 1929-1930 and 47.9 per cent. in 1930-1931. The corresponding proportions in the case of workers' contributions were 256.0 per cent. in 1928-1929, 95.9 per cent. in 1929-1930, and 78.6 per cent. in 1930-1931; and in the case of contributions

from the Central Unemployment Fund, 96.1 per cent. in 1928-1929, 48.5 per cent. in 1929-1930, and 16.4 per cent. in 1930-1931. The averages for the three sources were: public authorities, 49.5 per cent.; workers, 143.5 per cent.; Central Unemployment Fund, 53.7 per cent. At the end of March 1931 the total reserves of the emergency funds amounted to 2.2 million kroner.

In the case of the *Central Unemployment Fund*, which was originally constituted at the beginning of 1921 by a State contribution of 9 million kroner, the total State contributions in each year since 1922-1923 have varied between 21.5 per cent. (1929-1930) and 130.1 per cent. (1924-1925) of total expenditures in the same year, and have averaged 63.8 per cent. Workers' contributions represented 3.5 per cent. of expenditure in 1922-1923, 10.8 per cent. in 1923-1924, and 8.4 per cent. in 1924-1925, and have since been discontinued. Employers' contributions have varied between 10.5 per cent. (1922-1923) and 273.0 per cent. (1924-1925), and have averaged 94.3 per cent. Receipts have exceeded expenditure in every year since the inception of the fund, and on 31 March 1931 reserves amounted to 9.7 million kroner.

### France

It is only in respect of payments to short-time workers that the employers contribute, in addition to the authorities and the workers, to unemployment benefits. By the Decree of 22 October 1932 a Fund for short-time workers may make the payment of benefits to such workers conditional on the employers' contributing to the expenses incurred as a result of such payments being made to workers employed in their undertakings.

### Germany

In Germany, where some 13,452,000<sup>1</sup> workers were covered by the system in May 1932, the expenditure of the Unemployment Insurance Fund has exceeded its income from contributions in each year since the establishment of the present system in October 1927. As a consequence, although the fund was originally intended to be self-supporting, with the entire cost borne by employers and workers, a substantial part of the actual cost has, in practice, been borne by the Federal Government. At the end of the first months of 1929, the original reserve fund, to which the Government had contributed 50 million RM., was depleted and, in addition, 35.1 per cent. of the total expenditure of the fund in 1929 was met by a special Government contribution. In 1930 the proportion rose to 41 per cent. Although, in theory, the German system of unemployment insurance (as distinct from the German emergency relief and communal relief) belongs to the group of unemployment benefit systems financed by employers and workers alone, in practice it may more logically be grouped with the systems discussed in this section. This characteristic of the German system has persisted, it should be noted, in spite of the fact that the rates of benefit paid have been steadily reduced, and the rates of contribution have been rapidly increased (from 3 per cent. of wages and salaries at the inception of the system in October 1927, to 3½ per cent. as from 27 December 1929; 4½ per cent. from 30 July 1930 and 6½ per cent. since 6 October 1930); and in spite of the fact that every effort has been made to maintain a balance between the ordinary income and the expenditure of the fund<sup>2</sup>. Under the provisions of the Legislative Decree of 5 June 1931, as soon as there is reason to fear that expenditure may exceed receipts the Governing Body of the Institute for Employment Exchanges and Unemploy-

<sup>1</sup> This number includes all those eligible for membership of the unemployment insurance system who at the date mentioned were in employment and paying contributions, or were receiving insurance benefits or emergency relief, but it does not include some 2,269,000 workers who had exhausted their right to such benefits and relief and were receiving communal relief. Cf. also footnote to table on p. 5.

<sup>2</sup> According to newspaper summaries of the accounts of the fund for 1931 total expenditure exceeded receipts from contributions by only 19 million RM. as compared with some 480 million RM. in 1930. (*Berliner Tageblatt*, 10 July 1932.)

ment Insurance must take steps to restore the balance. The Governing Body of the Institute may, in agreement with the Government, increase contributions, reduce benefits (but not to less than the rate of emergency relief), or limit the period for which benefit is paid. If the Governing Body fails to take such steps the Government may impose them by Decree.

Indications of the total sums involved in the operation of the German unemployment insurance system are given in columns 10 and 11 of table IV. On the side of receipts the actual contributions paid by employers and workers amounted to 823.7 million RM. in 1928; 869.2 million RM. in 1929 and 1,061.7 million RM. in 1930. Subsidies from the Federal Government amounted to 376.5 million RM. in 1929 and 731.2 million RM. in 1930. On the side of expenses, benefits amounted to 819.2 million RM. in 1928; 1,092.1 million RM. in 1929 and 1,650.8 million RM. in 1930.

The unemployment insurance system in Germany was not established originally on the basis of actuarial calculations as that term is usually understood in connection with insurance practice. Although the first calculations of the scale of contributions required were made on the basis of certain assumed unemployment figures, the majority of German unemployment insurance experts consider that it is impossible to place unemployment insurance on the same basis as other systems such as the health, old-age and invalidity insurance. At the time when the provisions of the unemployment insurance system were originally worked out a considerable amount of information was available as to the extent and fluctuations of unemployment, the number of persons who would come within the scope of the system, and the approximate wage-grouping of these persons. On the basis of certain assumptions as to the probable future extent of unemployment it was possible, therefore, to estimate approximately the income of the funds from any particular scale of contributions and the risk to be covered by the system. The unprecedented severity and persistence of unemployment during the depression which followed the establishment of the system served, however, to falsify these assumptions and rendered necessary the increases in contributions, the decreases in benefits and the State aid referred to above.

## Great Britain

The system of compulsory unemployment insurance which has been in operation in Great Britain, with various changes, since 1912 and is at present administered under the provisions of the Unemployment Insurance Acts, 1920-1931, was estimated to cover in July 1931 about 12,770,000 persons<sup>1</sup>. The original Acts were based on actuarial calculations.

Unemployment remained at a relatively low rate during the early years of operation of the system, and by November 1918 the Fund had accumulated a reserve of over £15 million. This had increased to £22 million by November 1920, when the scope of the scheme was greatly extended and although rates of contributions were increased, the heavy drain on the Fund due to the severe post-war unemployment rapidly reduced the reserve, until by the end of the insurance year 1920-1921, the liabilities of the Fund appear to have exceeded its assets by approximately £40,000. Since then, although receipts were in excess of expenditure in two years (1923-1924 and 1927-1928), the Fund has been constantly in debt to the Treasury, and on 31 March 1931 the adverse balance of the Funds was approximately £75.5 million<sup>2</sup>.

Rates of contributions have varied from time to time but the principle of contributions from workers, employers and the State to cover the ordinary expenditure of the Fund has been constantly adhered to. The rates at present in force are set out in table III. It will be noted that in the case of transitional payments (paid to unemployed insured workers who have exhausted their right to ordinary benefits), the whole cost is borne by the Exchequer.

<sup>1</sup> Total for Great Britain and Northern Ireland.

<sup>2</sup> By 30 June 1931 this adverse balance had increased to £88 million and by 31 December 1931, to £110.3 million. (GREAT BRITAIN, MINISTRY OF LABOUR: *Report for the Year 1931*, p. 127. London, H.M. Stationery Office, 1932. Cmd. 4044.)

In actual practice, as is shown in table IV, the total workers' contributions in each year expressed as a percentage of total expenditure in the same year have varied, since the generalisation of the scheme in 1921, between 13.5 per cent. (1930-1931) and 42.3 per cent. (1923-1924) and have averaged 28.9 per cent. The corresponding proportion in the case of employers' contributions (including contributions from the Service Departments under section 41 of the Act of 1920) has varied between 15.8 per cent. (1930-1931) and 47.6 per cent. (1923-1924) and has averaged 33.3 per cent. The ordinary State contributions (i.e. all State contributions provided for under the Acts but not including Treasury advances) have varied between 18.6 per cent. (1926-1927) and 36.4 per cent. (1929-1930) and have averaged 26.8 per cent.<sup>1</sup> The percentage represented by the net sum of State contributions and Treasury advances has varied between 11.1 per cent. (in 1923-1924, when there was a net repayment of advances) and 70.7 per cent. (1930-1931), and has averaged 37.7 per cent.

### Poland (Manual Workers)

The system of compulsory unemployment insurance for manual workers which has been in operation in Poland since 1924 covered an average of approximately 816,000 workers during 1931, and 673,000 at the end of March 1932.

Under the provisions of the Amending Act of 17 March 1932, contributions will normally be payable only by employers (1.5 per cent. of wages) and workers (0.5 per cent. of wages); but in the event of the unemployment insurance fund becoming exhausted, the State Treasury will come to its assistance, subject to the necessary budgetary provision having been made in the budget of the Ministry of Labour and Social Welfare. Moreover, in case of severe unemployment which is considered likely to continue, emergency benefits may be paid at the expense of the State Treasury to workers who have exhausted their right to benefits under the ordinary provisions of the insurance.

A feature in the new law is the provision that contributions in respect of seasonal workers shall be at a higher rate—normally 2 per cent. of wages from employers and the same amount from workers.

In 1931, the latest year for which statistics of operations are available, contributions were at the rate of 0.35 per cent. of wages from workers, 1.45 per cent. from employers, and 0.90 per cent. from the State Treasury (one-half of the latter being reimbursable by the communes in which unemployed workers receiving benefit last resided for a period of six consecutive months).

Since 1924 (with the exception of 1927, for which figures were not available at the time when these calculations were made), receipts from workers' and employers' contributions taken together in each year have varied between 25.7 per cent. (1931) and 69.0 per cent. (1926) of total expenditures in the same year, and have averaged 47.4 per cent., while receipts from State contributions have varied between 12.9 per cent. (1931) and 34.5 per cent. (1926) of total expenditures in the same year and have averaged 23.7 per cent. Reserves, which reached a maximum of 24.9 million zlotys at the end of 1928, were exhausted in the following year, and at the end of 1931 the fund was in debt to the amount of 67.0 million zlotys as a result of the greatly increased severity of unemployment.

### Switzerland (Joint Funds)

Unemployment insurance funds financed jointly by contributions from workers, employers and public authorities are in operation in most of the Swiss

<sup>1</sup> In the calculation of these averages the nine-month period 1926-1927 is given the same weight as a full insurance year. As the employers' and workers' contributions were comparatively low in this period relatively to Treasury advances, the effect of this is to make the averages quoted above for employers' and workers' contributions somewhat lower than they should be and the average for total State contributions and advances somewhat higher than it should be.

cantons, and at the end of 1931 covered 75,230 workers, or 19.7 per cent. of the total insured population.

Members' and employers' contributions vary in the different funds, and rates of public contributions are as set out in table III. In practice, as is shown in table IV, public subsidies in each year since 1925 have varied between 75.1 per cent. (1929) and 89.6 per cent. (1931) of total benefits paid in the same year, and have averaged 79.5 per cent. The latter average compares with 64.0 per cent. in the case of the trade union funds and 82.6 per cent. in the case of the public funds<sup>1</sup>.

Details of membership, benefits paid and subsidies received comparable with those given on pages 191-192 above for the Swiss trade union and public funds are given in the following table.

SWITZERLAND: JOINT UNEMPLOYMENT INSURANCE FUNDS, 1925-1931<sup>1</sup>

Year	Membership of funds		Total benefits paid	Amounts of subsidies from public authorities		Total subsidies from public funds as percentage of total benefits
	Number of members <sup>2</sup> (thousands)	Percentage of total insured persons		Federal	Cantonal and municipal	
(1)	(2)	(3)	(4)	(5)	(6)	(7)
			Thousands of Swiss francs			
1925	— <sup>3</sup>	— <sup>3</sup>	378	146	139	75.4
1926	6.8	4.2	281	106	109	76.5
1927	44.8	19.2	258	103	99	78.3
1928	50.1	20.1	275	110	102	77.1
1929	57.2	19.7	530	211	187	75.1
1930 <sup>4</sup>	66.0	20.9	2,087 <sup>5</sup>	894 <sup>5</sup>	875 <sup>5</sup>	84.7 <sup>5</sup>
1931	75.2	19.7	5,931 <sup>5</sup>	2,613 <sup>5</sup>	2,700 <sup>5</sup>	89.6 <sup>5</sup>

<sup>1</sup> Source: 1925-1929: Official figures cited in SPATES and RABINOVITCH, *Unemployment Insurance in Switzerland*, pp. 141-148. 1930-1931: Membership figures: OFFICE FÉDÉRAL DE L'INDUSTRIE, DES ARTS ET MÉTIERS ET DU TRAVAIL: *Les résultats des statistiques sociales de la Suisse arrêtés à la fin de 1931*. Benefits and subsidies: communication to the International Labour Office. The percentages in col. 7 are calculated from figures in cols. 4-6.

<sup>2</sup> Membership at end of September for the years 1926 to 1929 and 1931, and at end of year in 1930.

<sup>3</sup> Figures not available.

<sup>4</sup> In 1930, the only year for which such figures are available, the contributions of employers to the joint funds amounted to 508,000 fr. In the same year, the contributions of the insured persons for the three kinds of funds amounted to 4,628,000 fr., while the total contributions of the public authorities to the funds of all kinds amounted to 13,400,000 fr.

<sup>5</sup> These figures are provisional, but such corrections as may be made are likely to be of relatively little importance.

In addition it may be noted that most of the cantons which have adopted compulsory insurance for their territory require contributions from employers, usually at a rate proportional to the wages of married workers, to all unemployment insurance funds. Statistics are not available to show the total amounts thus contributed by employers.

In addition to the various systems of unemployment insurance mentioned above, reference must be made to the system recently set up in Portugal<sup>2</sup>, the resources of which, centralised in an unemployment fund, are provided by the public authorities, the employers and the workers.

<sup>1</sup> Cf. pp. 191-192 above.

<sup>2</sup> See above, p. 133.



The contribution of the employers amounts to 1 per cent. of the wages or salaries; that of the salaried employees and workers amounts to 2 per cent. of earnings; and that of the State is the amount resulting from an increase of 2 per cent. in the tax on property. The local authorities may grant subsidies to the fund.

## UNEMPLOYMENT BENEFITS AND RELIEF FINANCED SOLELY BY PUBLIC FUNDS OR SPECIAL TAXATION

### *Extended Benefits*

The general practice of unemployment benefit schemes is to provide benefits in the event of unemployment under certain specified conditions and for a period of limited duration. Frequently the period covered is proportional to the number of weekly contributions made by the unemployed worker. In practice, however, and especially in a period of depression, it has been found that many of the workers covered remain without a job for a period longer than that for which benefits are normally payable. As their need is none the less great at the expiration of this period, it has been considered desirable in most countries to extend the duration of the benefit period. The extra financial burden on unemployment benefit funds thus involved has been carried, as the record of the preceding pages has shown, in three different ways.

In most cases it has been partly balanced by increased contributions from each of the parties normally contributing to the fund. In some cases it has been partly—and beyond a certain point wholly—carried by increased contributions or subsidies from public authorities. In others the set-up of the system has been revised in such a way as to place the whole or most of the cost of such extended benefits on the shoulders of public authorities; or the system has provided for a special emergency fund being constituted for this purpose by contributions from public authorities. The cases of Germany and Great Britain, for example, fall within this latter group.

In *Germany* the whole cost of emergency relief—payable when the normal benefit period of twenty weeks has expired—is borne by the public authorities (four-fifths by the Federal Government, one-fifth by the communes). In 1931 <sup>1</sup> the sum thus involved is estimated to have been in the neighbourhood of 753 million RM., or rather less than one-half the total disbursements of the ordinary insurance system. Moreover, the whole cost of the communal relief is, of course, borne by the public authorities <sup>2</sup>, and in 1931 <sup>3</sup> this was estimated

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<sup>1</sup> December 1930 to 30 November 1931.

<sup>2</sup> Since the above was written provision has been made for a special graduated tax on wages and salaries in order to provide funds for unemployment relief and lessen the burden on the local authorities, (cf. *Industrial and Labour Information*, 4 July 1932. p. 30.)

<sup>3</sup> 1 December 1930 to 30 November 1931.

to have involved a further 635 million RM. When the total expenditures on unemployment benefits from all sources are taken together, the proportion represented by contributions from public authorities—as shown in table IV—is seen to have risen from 25.9 per cent. in 1928, a year of relatively low unemployment, to 47.5 per cent. in 1929 and 57.5 per cent. in 1930. Figures for 1931 are not yet available, but it would seem likely that in that year the proportion of total expenditure borne by public authorities must have reached a new high point.

In *Great Britain*, the whole cost of extended benefits—or “transitional payments”, as they are now called—is borne at present by the Exchequer. In the year ending 31 March 1930, the sum thus involved was approximately £4 million, out of a total expenditure of £53.4 million, and in 1930-1931 approximately £20.3 million out of a total expenditure of £101.3 million.

### *Special Systems*

In certain cases the community undertakes the payment of benefits to the unemployed entirely at the expense of the public authorities, not only from the time when the right to benefit in an insurance fund has been exhausted, but from the very beginning of the period of unemployment. This system is in force in France, where the voluntary insurance which was organised for the first time in 1905 has hitherto played only a small part in the payment of unemployment benefits, especially during the periods of crisis.

#### **France**

The system of unemployment relief by public unemployment funds<sup>1</sup> inaugurated in 1914 is very different from the systems in force in most other countries. Among its characteristic features is its decentralisation, and the fact that it functions only intermittently, for the local authority concerned (department or commune) is competent to decide to set up an unemployment fund and to operate the fund or to suspend its activity<sup>2</sup>. The funds in question are financed exclusively by the public authority concerned and by subsidies from the State, the rate of which varies with the amount of unemployment.

The total number of unemployed persons relieved by the public unemployment funds has shown very great variations, particularly during the present crisis. On 2 August 1930 the number did not exceed 817 for the whole country. Since then the number has increased steadily, subject to seasonal fluctuations, amounting to 50,815 on 28 March 1931, after which it fell to 37,673

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<sup>1</sup> Reference should also be made to (1) public local charitable or relief offices which were authorised by the Decree of November 1931 to receive subsidies from the State in respect of relief granted to unemployed persons, (2) public unemployment funds for dockers set up by the Decree of 3 June 1931, and (3) public unemployment funds for short-time workers, the regulations for which are contained in a Decree of 22 November 1932. These various bodies differ in detail, but they are all entitled by the Decree of 31 December 1931 to the same extent as the public unemployment funds to subsidies from the State (cf. table III, pp. 211-212), and the unemployed persons who receive relief are entitled to the same rate of benefit in virtue of the Decrees mentioned above (cf. table, II, pp. 154-155).

<sup>2</sup> The Minister of Labour introduced a Bill into the Chamber of Deputies on 28 October 1932 the object of which is to require communes to adhere to the departmental unemployment fund of their department (cf. *Journal officiel*, 29 Oct. 1932, *Chambre des Députés, Débats parlementaires*, p. 2940).

on 29 August 1931, rose again to a maximum of 303,218 on 26 March 1932, and then fell to 232,371 on 25 June 1932 <sup>1</sup>.

The number of public unemployment funds and their activity has followed a similar development. On 25 September 1930 there were only 26 unemployment funds throughout the country, two of which were departmental funds. On 27 October 1932 there were 1,095 unemployment funds (of which 598 were in operation) in 3,365 communes with a total population of 20,150,679, which is a slightly larger figure than that of the total population of all the communes having more than 2,000 inhabitants each. Of these funds 62 were departmental funds, operating in respect of 2,256 communes; 25 were inter-communal funds operating in respect of 101 communes, and 1,008 were autonomous municipal funds. On the same date 282 special funds for short-time workers were in operation in respect of 435 communes with 3,609,597 inhabitants, and 25 special unemployment funds for dockers, of which one was a departmental fund, one an inter-communal fund, and 23 municipal funds.

In the Department of the Seine <sup>2</sup>, where there is a considerable percentage of assisted unemployed, the benefits paid by the public unemployment funds amounted in 1929 to about 1,477,000 francs, and in 1930 to about 4,364,000 francs.

For the whole country the only figures available are those of the State subsidies to the public unemployment funds, which cover only a part of the expenses:

AMOUNTS INCLUDED IN THE STATE BUDGET AND SUBSIDIES PAID TO THE  
UNEMPLOYMENT FUNDS

Year	Amounts included in the State budget	Subsidies paid to the unemployment funds
	Fr.	Fr. .
1919	30,000,000	12,318,026.19
1920	1,750,000	1,105,950.76
1921	23,500,000	18,518,325.39
1927	37,800,000	37,063,650.91
1928	—	4,024,000.00 <sup>1</sup>
1929	2,500,000 <sup>1</sup>	—
1930	16,500,000 <sup>2</sup>	10,451,171.93 <sup>2</sup>
1931	268,500,000 <sup>2</sup>	—
1932	390,000,000 <sup>3</sup>	—

<sup>1</sup> Cf. report of Mr. Landry on the budget of the Ministry of Labour for 1930, p. 108 (*Chambre des Députés, XIV<sup>e</sup> Législat., Session extraordinaire de 1929*, Document No. 2261).

<sup>2</sup> These figures refer to the twelve months from 1 April of the year mentioned to 31 March of the following year.

<sup>3</sup> These figures refer to the period from 1 April 1932 to 31 December 1932.

Large-scale organised schemes of a different character have been established in certain countries—such as Australia, Canada, New Zealand and Sweden—during recent years, and provide for the payment of benefits or sustenance allowances in addition to the financing of relief works. In several of these schemes, it may be

<sup>1</sup> During earlier crises the maxima were: in October 1914, 397,632; in 1920-1922, 84,810 (May 1921); and in 1926-1928, 81,918 (March 1927).

<sup>2</sup> Cf. the annual reports entitled: *Le fonctionnement de l'Office départemental du placement et de la statistique du travail et l'organisation des secours de chômage dans le département de la Seine*.

noted, the provision of benefits in cash or in kind has been resorted to, or adopted as a general policy, only after the magnitude of the sums required, in a period of severe and prolonged unemployment, had made it necessary to abandon the original and more costly policy of aiding the unemployed only, or mainly, by the provision of relief work.

### Australia

Particulars are given in table III of the contribution provisions of the unemployment relief schemes at present in operation in certain of the Australian States. In New South Wales, Queensland and Victoria special unemployment funds have been set up, financed by the proceeds of special taxation on wages, salaries and other income and (except in the case of Victoria) by grants from the general revenue of the State. In South Australia, and, apparently, in Western Australia, no special tax is in force but provision is made for State grants. Grants for relief purposes have also been made on certain occasions by the Commonwealth Government. Detailed records of the operations of these schemes are not available in every case, but certain statistics may be quoted to indicate the magnitude of the sums involved and the extent to which provision has in practice been made for the payment of benefits in cash or in kind.

In *New South Wales*, according to the annual financial statement presented to the Legislative Assembly of New South Wales by the Premier and Treasurer on 28 August 1931<sup>1</sup>, the total receipts of the Unemployment Fund from the special tax on wages, salaries and other income for the year ended 30 June 1931 amounted to approximately £A.4,378,000. During the same period the total expenditure amounted to £A.4,357,000, of which £A.2,373,000 was in the form of grants and loans for unemployment relief works, £A.1,838,000 expenditure on food relief, £A.102,000 relief to necessitous families, and £A.44,000 on administrative expenses. The total expenditure on direct relief (as distinct from relief works) was thus approximately £A.1,940,000, or slightly less than 45 per cent. of total expenditure.

In the early part of 1932, according to an unofficial source<sup>2</sup>, the practice of subsidising relief works was largely discontinued and the resources of the Fund were concentrated on the provision of food relief, the direct money cost of which, it was estimated, would be between £4.6 million and £A.8 million for the financial year 1931-1932.

In *Queensland* the total income of the Income (Unemployment Relief) Tax Fund (as distinct from the Unemployment Insurance Fund, the record of which is dealt with on page 193 above), from its inception on 28 April 1930 to 30 June 1931, amounted to approximately £A.703,000, and the total expenditure to approximately £A.700,000. Of the latter total, all but £A.31,000 (administrative expenses) and a small sum expended for rations supplied to girls over fourteen years was devoted to subsidies for relief work of various kinds<sup>3</sup>.

In addition, however, rations are provided for unemployed workers who have exhausted their right to benefit under the insurance system and for whom no relief work is available, and for unemployed workers on intermittent relief work during the weeks when they are not working. Expenditures for this purpose totalled approximately £A.200,000 in the year ended 30 June 1931.<sup>4</sup>

<sup>1</sup> NEW SOUTH WALES: *Parliamentary Debates*, 28 August. 1931.

<sup>2</sup> F. A. BLAND: "A Note upon Unemployment Relief in New South Wales", in *The Economic Record* (Melbourne), May 1932, p. 100.

<sup>3</sup> QUEENSLAND: *First Annual Report of the Under-Secretary, Department of Labour and Industry, upon the Operations and Proceedings under the Income (Unemployment Relief) Tax Acts of 1930, together with Illustrations and Financial Statements for the year ended 30 June 1931*, p. 33. Brisbane, 1931.

<sup>4</sup> THOMAS THATCHER: "Unemployment Relief in Queensland", in *The Australian Quarterly*, 14 Sept. 1931, pp. 53-64.

In *South Australia*, according to a statement by the Minister of Labour and Employment on 1 October 1931<sup>1</sup>, the following sums were spent on unemployment relief:

	£A.
During the year ended 30 June 1928 . . . . .	43,600
„ „ „ „ „ „ 1929 . . . . .	90,967
„ „ „ „ „ „ 1930 . . . . .	184,685
„ „ „ „ „ „ 1931 . . . . .	753,662

The number of persons in receipt of relief on 30 June 1930 was approximately 28,900.

In *Victoria*, according to a statement in the Legislative Assembly by the Premier and Treasurer on 1 September 1931<sup>2</sup>, total receipts under the Unemployment Relief Acts, 1930, were expected to reach £A.1,603,000 for the current year. Up to 22 August 1931 approximately £A.453,000 had been collected under the Stamps (Unemployment Relief) Acts and £A.987,000 under the Unemployment Relief Acts; and £A.1,610,000 had been actually expended by Departments, of which £A.1,015,000 had been devoted to relief works. In addition, grants totalling £A.512,000 had been made available to the State by the Commonwealth Government for unemployment relief works. Provision is also made, under the legislation at present in force, for the payment of sustenance allowances, but information as to the amounts spent for this purpose is not available at the time of writing.

In *Western Australia*, according to a statement in the Legislative Assembly by the Premier and Treasurer on 29 September 1931<sup>3</sup>, the amount expected to be available in 1931 for unemployment relief was £A.1,500,000, of which £A.1,150,000 would be applied to the payment of wages. Information is not available as to the amounts spent on direct relief, but the number in receipt of sustenance allowances from public funds at the time when the statement referred to above was made was approximately 16,000.

## Canada

In Canada, under the Unemployment and Farm Relief Act, 1931, which provided for the financial co-operation of the Dominion and Provincial Governments in relieving unemployment, considerable sums were spent on relief works. In addition, some 740,000 individuals were reported by provinces as having received direct relief up to 31 January 1932; more than 2,200,000 free meals had been given, and more than 460,000 nights' lodging. Over \$850,000 had been paid by the Dominion Government in respect of accounts for direct relief up to 1 March 1932<sup>4</sup>.

The Unemployment and Farm Relief Act, 1931, was to expire on 1 March 1932, but was continued in force until 1 May 1932. Under the provisions of the Relief Act, 1932, which is at present in operation, the Dominion Government is empowered for one year to take such steps as may be necessary to deal with the unemployment relief problem in co-operation with the Governments of the provinces. The Act sets no specific limit to the sums which may be spent by the Dominion Government for this purpose.

On 6 April 1932 it was announced by the Dominion Prime Minister that the Dominion Government proposed to discontinue its collaboration in the relief programme of public works and that as from the beginning of May it would have to reserve its funds for direct relief<sup>5</sup>.

<sup>1</sup> SOUTH AUSTRALIA: *Parliamentary Debates*, 1 Oct. 1931.

<sup>2</sup> VICTORIA: *Parliamentary Debates*, 1 Sept. 1931.

<sup>3</sup> WESTERN AUSTRALIA: *Parliamentary Debates*, 29 Sept., 1931.

<sup>4</sup> For details of amounts spent on relief works cf. the *Labour Gazette*, Ottawa, March 1932; cf. also *Industrial and Labour Information*, 25 April 1932, pp. 128-129.

<sup>5</sup> Cf. *Industrial and Labour Information*, 4 July 1932, pp. 26-27.

## New Zealand

The resources of the Unemployment Fund, which has been in operation in New Zealand since October 1930, were not in practice used for the payment of unemployment benefits until 1 June 1932, although legislative provision was made from the inception of the system for "sustenance" payments, but were mainly devoted to subsidising or refunding in full the wages of men for whom work was provided under various relief schemes.

The rates of contribution to the Fund in force at the present time are set out in table III. When the Fund was first established, its financial resources were to be derived from a levy of £N.Z.1 10s. per annum on all males of twenty years and over, with certain exceptions. In 1931 the levy was reduced to £N.Z.1 per annum and an emergency unemployment charge was imposed as from 1 August 1931 at the rate of 1d. for every 6s. 8d. of wages (other than those of domestic servants in private homes and of relief workers employed by public authorities but with their wages wholly borne by the Unemployment Fund) and of incomes received from other sources by all males not wholly exempt from the levy and by women with incomes of £N.Z.250 or over (from any source). In comparing the financial provisions at present in force with those of the original Acts, it will be noted that the Fund is in future to be dependent entirely on the proceeds of the levy and of the emergency unemployment charge and is to receive no further subsidies from the Consolidated Fund. As the Minister in charge recently stated<sup>1</sup>: "The special tax for unemployment stands outside of ordinary taxation and outside of State revenue. It is in the nature of insurance or a pool as amongst those who are in employment and those who are unemployed." It may be noted also that contributors may be exempted both from the levy and/or from the special tax on grounds of hardship.

The total receipts of the Fund for the period 11 October 1930 to 31 March 1931 were £N.Z.388,256, of which £N.Z.229,000 represented the proceeds of the levy and £N.Z.159,247 the subsidy from the Consolidated Fund. Expenditure during the same period amounted to £N.Z.319,141, of which £N.Z.4,001 represented administrative expenses and £N.Z.313,209 grants to relief schemes. The balance in the Fund on 31 March 1931 was £N.Z.69,115. For the period April 1931 to March 1932, receipts and expenditure were both at the rate of approximately £N.Z.2,500,000 per year. The increased rates of taxation at present in force are estimated to yield between £N.Z.3½ million and 4 million during the financial year 1932-1933<sup>2</sup>.

As from 1 June 1932 the Unemployment Board took over from the hospital boards the function of providing relief in cash or in kind for unemployed workers for whom no relief work could be provided, or whose relief pay might prove inadequate for the sustenance of themselves and their families. The cost of such direct relief will be borne by the Unemployment Fund<sup>3</sup>.

## Sweden

In Sweden the authorities organise relief works for the unemployed and only in the last resort is direct relief granted to those who are in need of such relief, this direct relief being intended solely as a supplementary measure in periods and localities in which unemployment is particularly severe. From 1924 to 1930 the relief works were on the whole sufficient to meet the need for assistance. Since the winter of 1930-1931, however, it has been necessary to provide direct relief to an increasing extent. Thus in September 1930

<sup>1</sup> Cf. *Industrial and Labour Information*, 4 July 1932, p. 28.

<sup>2</sup> *Report of the Unemployment Board*, 1931, New Zealand Parliamentary Paper H-35 (1931); *Unemployment: Statement by the Right Hon. J. G. Coates, Minister in Charge of Unemployment*, 13 Oct. 1931, Parliamentary Paper H-35A (1931); *Unemployment: Statement by the Rt. Hon. J. G. Coates, Minister in Charge of Unemployment*, 23 March 1932, Parliamentary Paper H-35A (Session I, 1932); *New Zealand Official Year Book*, 1932, pp. 508, 710, 711; and *Industrial and Labour Information*, 4 July 1932, pp. 27-29.

<sup>3</sup> *New Zealand Herald* (Auckland), 2 June 1932.

out of a total of 2,822 persons assisted (32.8 per cent. of the applicants for relief) only 671 were in receipt of direct relief provided by the communes. Since then the total number of persons assisted and the proportion in receipt of direct relief have greatly increased, and in March 1932 out of a total of 62,195 persons assisted (56.7 per cent. of the total number of applicants for relief), 25,003 were in receipt of direct relief from the communes subsidised by the State, and 7,047 of direct relief from the communes without a State subsidy, a total of 32,050. Of the 43.3 per cent. to whom no assistance of any kind was given from State or communal relief funds, it is probable that many received temporary or more permanent assistance from the Poor Law authorities or private institutions. Furthermore, the unemployment funds of the trade unions have granted benefit on a considerable scale to their members, who do not as a rule apply to the unemployment committees for relief so long as they are in receipt of benefit from their own funds <sup>1</sup>.

\* \* \*

The foregoing notes have of necessity been brief and in certain cases it was necessary to rely on unofficial or incomplete statistical information. Certain general conclusions do, however, emerge. Unemployment, in most of the countries where information is available, has been definitely more severe in the post-war decade than in any preceding period. In some cases—as, for example, in Great Britain—it has been at least twice as severe as in the decade immediately preceding the war.

This is the new situation with which unemployment benefit schemes must deal. To its gravity and its urgency the statistics cited in the foregoing pages bear witness. The conditions of recent years have necessitated the payment of unemployment benefits on a scale unheard of twenty years ago. So much is certain, even though most of the statistics cited do not go beyond the end of 1930. When the complete figures for 1931 and 1932 become available the totals will almost certainly be much greater. With a problem of such magnitude individual thrift, private generosity and mutual-aid associations have alike been unable to cope.

The second general conclusion then must be that if disastrous economic and social consequences are to be avoided, the community as a whole must carry its share of the financial cost of providing unemployment benefits. Whatever the force of the theoretical arguments for and against the various possible methods of financ-

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<sup>1</sup> Cf. E. G. HUSS "The Organisation of Public Works and other Measures for the Relief of Unemployment in Sweden", in the *International Labour Review*, July 1932, p. 26. The amount paid out by the Swedish trade unions in the form of unemployment benefit was in excess of 3 million kronor in 1930 and 6 million kronor in 1931, and even in 1923, at its lowest point in the past decade amounted to more than 1.5 million kronor (*Fackförenings Rörelsen*, Stockholm, 30 Sept. 1932, p. 315).

ing organised unemployment benefit schemes, it has been amply demonstrated by the logic of experience that the financial participation of public authorities is in practice indispensable to an adequate solution.

In only one country—Italy—out of all those surveyed in the preceding notes has a nation-wide system for the provision of unemployment benefits been successfully financed without the aid of recurrent public contributions or special taxation; and in that case the financial success of the system has been due in large part to the fact that benefits paid are relatively low in amount and restricted in duration. In most countries, particularly as the severity of unemployment has increased, the proportion of total expenditure on unemployment benefits which has been covered directly or indirectly by public contributions or by special taxation, has shown a definite tendency to increase. Rates of workers' and employers' contributions which might have sufficed to provide benefits for a restricted number of unemployed have proved inadequate in certain cases, even to the needs of relatively prosperous years, and have been doubly so in a period of severe and prolonged depression. The reserves of many unemployment insurance funds have been exhausted, and as the payment of benefits had to be maintained, it was necessary for local and national authorities to carry an increasing share of the burden.

The experience of most countries in this connection reveals a general tendency for unemployment benefit schemes to begin with independent, local, voluntary effort, and to develop gradually into nation-wide contributory systems, frequently compulsory, with public authorities bearing a substantial proportion of the total cost.



TABLE III. — FINANCIAL PROVISIONS OF EXISTING LEGISLATION<sup>1</sup>

Country	Nature of system (official designation)	Contributions from		
		Public authorities	Employers	Workers
AUSTRALIA New South Wales	Unemployment relief	<p>The Unemployment Relief Fund consists of such sums as Parliament may appropriate, advances made by the Colonial Treasurer, with approval by the Governor, and the proceeds of a special Unemployment Relief Tax of one shilling in the pound levied on the net assessable income of any person other than a company whose income exceeds £100 per year, the net assessable income of every company, and the income from employment derived by every person other than a company who is paid at the rate of £2 per week or over.</p> <p>Exemptions include, <i>inter alia</i>, income derived from war, old age, invalidity and widows' pensions, from payments made by Government Departments or agencies as charitable relief, or under the Child Welfare Act, 1923, or under the Family Endowment Act, 1927-1930, and income derived from the business of life assurance other than that appropriated for the payment of dividends.</p>		
	(a) Compulsory insurance (b) Supplementary unemployment relief	<p>One-third of costs, at present 6d. per week.   One-third of costs, at present 6d. per week.   One-third of costs, at present 6d. per week.</p> <p>The Unemployment Relief Fund consists of (1) such grants from the Consolidated Revenue as the Governor in Council may direct for the purposes of the Aetis; and (2) the proceeds of an annual tax of 1d. for every 6s. 8d. of (a) the income from employment of all persons, and (b) the income derived by any person from certain specified sources, including certain pensions, superannuation payments, annuities, fees received by press correspondents, court bailiffs, jurors, court witnesses, and entertainers, and prize moneys paid to boxers, wrestlers, cyclists, etc., in all cases where such income does not exceed the rate of £A.10½ per annum (or the equivalent hourly or weekly rate); and a tax at the rate of 2d. in every 6s. 8d. in all cases where such income is at a higher rate.</p> <p>In the case of income other than income from employment, the tax for the income year ended 30 June 1930 was to be at the rate of 1½d. for every 6s. 8d. in cases where the total of such income exceeds £A.10½, and at the rate of 1d. for every 6s. 8d. in cases where the income does not exceed £A.10½. Similar rates apply to the taxable income of companies for the income year ended 30 June 1931. Provision is also made for taxation at the source and at the same rates of rents and interest payable to persons residing outside Queensland.</p>		
South Australia	Unemployment relief	<p>The Unemployment Relief Council is authorised to expend for the assistance of unemployed persons such moneys as are paid to it in pursuance of any Aet providing for the expenditure of money for the relief or benefit of unemployed persons.</p>		
Victoria	Unemployment relief	<p>The amended Unemployment Relief Act imposes on every person whose taxable income (defined as assessable income for the year ending 30 June 1931 remaining after certain prescribed deductions have been made) is not less than £A.52, a tax ranging from 10s. per £A.100 on taxable incomes of less than £A.104, to £A.5 18s. 6d. per £A.100 on taxable incomes exceeding £A.3,000.</p> <p>The amended Stamps (Unemployed Relief) Act provides for a stamp duty amounting to 1d. on each 5s. and fractional part thereof of salary or wages amounting to not less than £A.2 and less than £A.4 in any one week; to 1d. on each 4s. and fractional part thereof of salary or wages amounting to not less than £A.4 and less than £A.6 in any one week.</p> <p>Exception is made in the case of New Zealand residents employed on ships trading with Victoria.</p>		

Western Australia		Detailed information not available.			
AUSTRIA	Unemployment relief	The Federal State pays one-third of the costs of administration. When the cost of unemployment insurance exceeds 100 million schillings per year, the Federal State must pay one-third of the cost in excess of that sum as an "emergency subsidy".			
	Compulsory insurance: (a) Ordinary insurance  (b) Extraordinary insurance	<p>27 groschen per week for the first wage class (lowest class) and 135 groschen for the tenth class (highest class). Maximum: 100 per cent. of the sickness insurance contribution<sup>2</sup>.</p> <p>One-quarter. The rate of contribution is fixed by the District Industrial Commissions and cannot exceed 45 per cent. of the sickness insurance contribution, which is at present between 6 and 106 groschen per month for the first wage class and between 28 and 526 groschen for the tenth class.</p>			
BELGIUM	Voluntary insurance: (a) Unemployment societies (primary funds) (b) National Emergency Fund	<p>NII</p> <p>NII</p> <p>State: 66 per cent. of workers' contributions. Provinces and communes: optional contributions. State: 90 per cent. Communes: 10 per cent. All communes must belong to the National Emergency Fund (Act of 26 December 1930).</p>			
	Compulsory insurance	1 leva per week			
BULGARIA	Relief subsidised by grants from the Federal Government	The Relief Act, 1932, authorises the Governor-in-Council generally to assist the provinces in the relief of distress.			
CANADA		1 leva per week			

<sup>1</sup> Previous editions of this table containing analyses of the legislation in force at earlier dates have appeared in INTERNATIONAL LABOUR OFFICE: *Remedies for Unemployment* (Geneva, 1922), pp. 27-29; *International Labour Review*, Vol. XXIII, No. 1, Jan. 1931, pp. 48-66; and in INTERNATIONAL LABOUR OFFICE: *Governing Body Document No. 56/599 of 13 Jan. 1932*.

<sup>2</sup> For workers in the building trades, the contribution is increased by 50 per cent. during the season (1 June to 30 November). For salaried employees, the contribution is 1.9 per cent. of the monthly earnings.

<sup>3</sup> The Act of 3 October 1931 further provides for a Federal subsidy of 12,000,000 schillings to cover, during the period October 1931-March 1932, the deficit resulting from the payment of extraordinary benefit.

TABLE III. — FINANCIAL PROVISIONS OF EXISTING LEGISLATION (continued)

Country	Nature of system (official designation)	Contributions from		
		Public authorities	Employers	Workers
CZECHOSLOVAKIA	Voluntary Insurance: (a) Ordinary benefits.	State supplement: 300 per cent. of benefits paid to unemployed workers without dependants, 400 per cent. of benefits paid to married workers if they have belonged to a trade union for one year, and unmarried workers if they have belonged for five years. Maximum: 18 Kč. per person per day.	Nil	Benefits are paid out of the general funds of the trade unions, which are derived from membership dues. The latter vary in different unions.
	(b) Extraordinary benefits	State supplement in same proportions as for ordinary insurance. Minimum: 1.75 to 2.25 Kč. per worker per day according to period of membership of the fund and family responsibility <sup>1</sup> .	Nil	As above.
DENMARK	(a) Voluntary insurance, (1) Unemployment funds	State: Subsidy proportional to insured persons' contributions, based on the average annual wage in the occupation, and ranging from 15 per cent. of contributions in cases where the annual wage is in excess of 4,000 kroner to 90 per cent. where the annual wage is less than 2,000 kroner. These rates are reduced by 10 per cent. in cases where the fund has no emergency fund. Communes: One-third of the State contributions is recoverable from the communes.	Nil	Contributions vary in different funds.
	(2) Emergency (or "continuation") funds:	State: Initial contribution ranging from 15 to 25 kroner per member according to average	Central Unemployment Fund: Annual contribution amounting to one-half of total benefits paid.	Contributions vary in different funds, but may not be less than 20 per cent. of members' contributions.

	(3) Central Unemployment Fund <sup>2</sup>	annual wage in occupation; plus annual contribution at same rate as in case of unemployment funds referred to above.  State: 10 per cent. of the contributions of the members of the unemployment funds and in addition, one-third of the amount spent by the fund in the course of the preceding financial year.		Compulsory contribution of 3 kr. per worker per year paid by all employers liable to compulsory accident insurance in the groups of occupations and branches of industry covered by unemployment insurance, except in respect of agricultural and forestry workers and apprentices, for whom the contribution is 2 kr. per year. If the moneys of the Fund should exceed 12,000,000 kr., employers will be exempt from this contribution.  Nil	Nil	contributions to the unemployment funds.
	(b) Extraordinary relief	State: one-third. Communes: one-sixth. Central Unemployment Fund: one-half.		Nil	Nil	
FINLAND	Voluntary insurance.	State subsidy: Two-thirds or half of benefits paid by funds to members, according to whether the worker has dependants or not.		Nil	Contributions vary according to fund.	
FRANCE	(a) Voluntary insurance	State subsidy: 33 per cent. of benefits paid by local funds, 40 per cent. of benefits paid by funds covering at least three departments and with an active membership of not less than 4,000. This rate may be modified by Decree. In 1931 and 1932 it varied from 60 to 90 per cent. of the benefits paid, according to the amount of unemployment in the locality concerned. The minimum State subsidy is 50 fr. per fund and per half-year.		Nil	Contributions vary according to fund.	

<sup>1</sup> Under section IV ("productive relief"), of the Act of 5 June 1930 the Minister of Social Welfare can allocate part of the credits included in the budget under the heading "Unemployment" for the encouragement of work undertaken by public corporations on which unemployed persons can be employed. In such cases the State pays the contractor a grant not exceeding 10 kč. per day and per unemployed person employed, thus contributing towards the wages paid (in 1931, 61,000,000 kč. were spent for this purpose). <sup>2</sup> The functions of this Fund, are: (a) to make loans to the emergency funds of the unemployment funds; (b) to subsidise relief works and courses of training for the unemployed; and (c) to intervene in case of exceptionally severe unemployment.

TABLE III. — FINANCIAL PROVISIONS OF EXISTING LEGISLATION (continued)

Country	Nature of system (official designation)	Contributions from		
		Public authorities	Employers	Workers
FRANCE (cont.)	(b) Relief	<p>(1) <i>Public unemployment funds.</i> State subsidy: at present 60 per cent. for communes having fewer than 10 unemployed persons in receipt of relief per 1,000 inhabitants, 70 per cent. for those with 10 to 20 unemployed per 1,000 inhabitants, 80 per cent. for those with 20 to 30, and 90 per cent. for those with more than 30 unemployed persons per 1,000 inhabitants. This rate may be modified by Decree.</p> <p>(2) <i>Public charitable or relief offices; unemployment funds for docters; unemployment funds for short-time workers.</i> Same provisions as above.</p>	—	—
GERMANY	Compulsory Insurance: (a) Ordinary insurance (b) Emergency relief	<p>In principle the State does not contribute to unemployment insurance.</p> <p>The cost of emergency relief is met by the public authorities: four-fifths by the Federal Government and one-fifth by the communes.</p>	<p>One-half of the contribution, which was fixed by the Decree of 30 September 1930 at 6½ per cent. of the basic wage.</p>	<p>One-half of the contribution, which was fixed by the Decree of 30 September 1930 at 6½ per cent. of the basic wage.</p>
GREAT BRITAIN 1	Compulsory Insurance: (a) Insurance benefit (b) Transitional payments	<p>Men aged 21 and under 65 10 Young men aged 18 and under 21 . . . . . 9 Boys under 18 . . . . . 5 Women aged 21 and under 65 . . . . . 9 Young women aged 18 and under 21 . . . . . 8 Girls under 18 . . . . . 4½</p> <p>In addition, the Exchequer pays any deficiency on the insurance account. Transitional payments are borne by the Government.</p>	<p>Weekly contributions in pence.</p> <p>10 9 5 9 8 4½</p>	<p>10 9 5 9 8 4½</p> <p>Nil</p>

IRISH FREE STATE	Compulsory insurance	Mon Women Boys (16-18 years) Girls (16-18 years)	Three-sevenths of the aggregate contributions of employers and workers.	Weekly contributions in pence. 7 6 3 1/2 3	2 1/2
ITALY	Compulsory insurance	Nil	Nil	50 per cent. Fortnightly contributions according to daily wages: Wage group I. Up to 4 II. 4-8 III. Over 9	50 per cent. Contribution lire 0.70 1.40 2.10
LUXEMBURG	System of relief <sup>2</sup>	State: 25 per cent. Communes: 25 per cent.	State: 25 per cent. Communes: 25 per cent.	Employers and workers together: 50 per cent; the share of each has not yet been decided.	
NETHERLANDS	Voluntary insurance	State subsidy: 100 (in exceptional cases 150, 200 and 300) per cent. of contributions, half the subsidy being recovered from the communes. Insured persons who cease to receive benefits from their insurance fund are granted relief.	Nil	Contributions vary according to fund.	
NEW ZEALAND	Unemployment relief financed by a special levy and a special wages and income tax	<p>The Unemployment Fund consists of:</p> <p>(1) The net proceeds of an unemployment levy of 1 penny imposed on all male persons of 20 years or over, with certain exceptions noted below;</p> <p>(2) A tax (known as "the emergency unemployment charge") of one penny in every 1s. 8d. payable on all wages or salary earned by persons of either sex over the age of 16 years, on all income other than salary or wages received by those not exempted from the general levy, and on all income in excess of £20 per year received by women from sources other than salary or wages.</p> <p>Exemption from the general levy is granted to female domestic servants, relief workers whose wages are wholly borne by the funds of the Unemployment Board, war pensioners who are totally disabled, and certain other pensioners, students at educational institutions, inmates of prisons, public and mental hospitals and certain charitable institutions, all Natives (Maoris) with the exception of those who elect to become liable for contributions, and persons or classes exempted on grounds of public policy (which reasons may include poverty or sickness). Exemption from the emergency unemployment charge may be made on grounds of hardship.</p>			

<sup>1</sup> Northern Ireland has since 1 June 1922 had its own unemployment insurance scheme which is practically identical with the British scheme. There is an agreement between the two Governments for equalising the burden borne by the two Exchequers in respect of unemployment insurance.

<sup>2</sup> According to an official communication, at the beginning of 1930 there were no more trade union unemployment funds left in Luxembourg and, pending the drafting of a Compulsory Unemployment Insurance Act, the necessary sums for the relief of the unemployed were paid by the State.

TABLE III. — FINANCIAL PROVISIONS OF EXISTING LEGISLATION (continued)

Country	Nature of system (official designation)	Contributions from		
		Public authorities	Employers	Workers
NORWAY	Voluntary Insurance	State subsidy: 50 per cent. and in exceptional cases two-thirds of benefits paid by funds, two-thirds of the subsidy being recovered from the communes.	Nil	Contributions vary according to fund.
POLAND	(a) Compulsory Insurance: (1) Manual workers	50 per cent. of the employers' and workers' contributions. The Treasury has, in addition, covered the deficit, although it might legally have called upon the employers and workers to cover it jointly. Nil	1.5 per cent. of wages of non-seasonal workers covered by insurance; 2.0 per cent. of wages in case of seasonal workers.	0.5 per cent. of wages of non-seasonal workers; 2.0 per cent. of wages in case of seasonal workers.
	(2) Non-manual workers (b) Unemployment Relief	Relief in kind paid for by special grants, proceeds of special taxes or gifts, and agricultural produce, etc., confiscated by customs authorities or surrendered in lieu of money taxes	Together, 2 per cent. of the monthly salary. The maximum salary taken into consideration is 560 zlotys.	—
PORTUGAL <sup>1</sup>	Unemployment relief	Contribution equal to an increase of 2 per cent. of tax on property.	1 per cent. of wages or salary.	2 per cent. of wages or salary. Workers and salaried employees working less than four days in the week and agricultural workers are exempt from payment of contributions.
SAAR TERRITORY	Unemployment relief	The relief is paid entirely by the public authorities, one-sixth by the Government and one-sixth by the communes.	—	—
SPAIN	Voluntary Insurance	State subsidy <sup>2</sup> equal to 50 per cent. (minimum 30 per cent., maximum 100 per cent.) of the benefits paid to the unemployed	Not stated.	Not stated.

<p><b>SWITZERLAND</b> I. Federal legislation</p>	<p>Voluntary insurance</p>	<p>by legally constituted organisations carrying out unemployment insurance for their members. Solidarity fund intended to cope with any increase in the acuteness of unemployment, to which the above-mentioned organisations must pay every month 5 per cent. of the sums collected by their unemployment insurance funds during the past month. The State makes a contribution to the solidarity fund equal to the total contributions made by the organisations in question.</p>	<p>Under Federal legislation the employers' contribution is compulsory only in joint funds.</p>	<p>Contributions vary according to fund, but may not be less than 30 per cent. of the benefits paid.</p>
<p>II. Cantonal legislation Group 1: Basle-Town Glarus Neuchâtel Schaffhausen Solothurn Uri Zug Basle-Country Geneva Appenzel (Outer-Rhodes) St. Gallen Thurgau Group 2: Fribourg Valais Vaud</p>	<p>Compulsory insurance for all the cantonal territory.  Voluntary insurance, which under the law may be made compulsory by the communes for the</p>	<p>State subsidy: 40 per cent. of benefits paid by public (cantonal and communal) and joint funds; 30 per cent. of benefits paid by other funds. May be increased temporarily by 10 per cent. by decision of the Federal Assembly.<sup>3</sup> May also be reduced by the amount by which the total subsidies from all public authorities (Federal, cantonal, communal) exceed 80 per cent. of the benefits paid. (1) Cantonal authorities:<sup>4</sup> (a) Public funds: 20 per cent. (Vaud, Uri, Zug) to 45 per cent. (Basle-Town) of the benefits paid by the funds. (b) Joint funds: 20 per cent. (Neuchâtel) to 45 per cent. of the benefits paid. (c) Trade union funds: 15 per cent. (Neuchâtel) to 45 per cent. (Basle-Town) of the benefits paid. In some of these Cantons (Basle-Town, Schaffhausen, Solothurn, Uri, etc.) the cantonal authorities also contribute to an emergency fund serving as a reserve fund, pay all or part of the</p>	<p>(a) Public funds: in certain Cantons only: 1½ and 2 per mille of the wages paid to their workers, or a fixed contribution (e.g. Neuchâtel, Uri, Zug, 3-6 fr. per worker per year). (b) Joint funds: compulsory contribution varying according to fund. (c) Trade union funds: nil. In Basle-Town, for instance, employers pay to the emergency fund a contribution equal to 4 ½ per mille of the wages paid to their workers.</p>	<p>(a) Public funds: fixed either at a given rate per week or per month (varying, in practice, between 0.50 and 2.80 fr. per month, according to fund and wage class), or at a given proportion of the wage (1 ½-6 per mille). (b) Joint funds: contributions vary according to fund. (c) Trade union funds: contributions vary according to fund, between 0.40 and 2 fr. per month, subject to the condition that they must cover 30 per cent. of the benefits paid.</p>

<sup>1</sup> Decree No. 21,699 of 19 September 1932 (sec p. 133.)

<sup>2</sup> National Unemployment Fund.

<sup>3</sup> An increase of 10 per cent. was decided on for some months of 1931 for the watch-making, embroidery and weaving trades.

<sup>4</sup> It should be noted that apart from unemployment insurance in the strict sense, certain Cantons and communes took measures in 1930-1931 to relieve particularly necessitous unemployed persons; in particular, the Cantons of Solothurn, Zurich, Basle-Town, Basle-Country, Appenzel (Outer Rhodes), Thurgau, Neuchâtel and Geneva voted emergency credits for the unemployed in the industries which are suffering most severely.



TABLE III. — FINANCIAL PROVISIONS OF EXISTING LEGISLATION (*concluded*)

Country	Nature of system (Official designation)	Contributions from		
		Public authorities	Employers	Workers
<b>SWITZERLAND (<i>cont.</i>)</b> Zürich Lucerne Ticino Berne  Group 3: Appenzell (Ainner Rhodes) Aargau Grisons Schwyz	whole of their territory or for certain occupa- tions only (e.g. general compulsory insurance for the territory of the municipality of Zurich, compulsory insurance for building workers only in the town of Fribourg). Voluntary insurance only 1.	contributions of necessitous per- sons, or within certain limits meet any deficits of the public funds. (2) Communal authorities 1: (a) Public funds: subsidy varying between 10 and 45 per cent. of the benefits paid. (b) Joint funds: subsidy va- rying between 10 and 40 per cent. of the benefits paid. (c) Trade union funds: sub- sidy varying between 10 and 40 per cent. of the benefits paid, or fixed at a given rate per in- sured person (e.g. Schaffhausen: 1 fr.). If, together with the Federal subsidy, the cantonal and com- munal subsidies exceed 80 per cent. of the benefits paid, the Federal subsidy is reduced by the amount of the excess.		
<b>UNITED STATES OF AMERICA</b> <i>Federal legislation</i>	<p>There is in the United States no Federal system of insurance against unemployment, and until July 1932 there was no Federal system of financial provision for the direct or indirect relief of unemployment. Until that date the activity of the Federal Government was limited to the putting into force of programmes of public constructions, the co-ordination of State and local job-finding agencies, and the work of organising emergency relief operations.</p> <p>In connection with the latter task, the President created in the summer of 1931, a body known as the President's Organisation on Unemployment Relief for the purpose of determining the extent of relief likely to be required during the coming winter and arranging that all appeals for relief funds should be made during a coincident period in a nation-wide effort. No national fund of any character was constituted. As a result of the activities of the organisation, money-raising campaigns, either by Community Chests and Councils or by other voluntary organisations co-ordinated with local authorities, were instituted in over 400 cities. In addition, in the winter of 1931-1932, a number of State Governments voted sums for the provision of direct relief in money or in kind.</p> <p>In July 1932 a Relief Act was passed to authorise the Reconstruction Finance Corporation to lend up to \$300,000,000 to States and municipalities for the direct relief of unemployment, and up to \$1,800,000,000 for various public works projects.</p>			

Wisconsin <sup>2</sup>	Unemployment re- services	Nil	Nil
YUGOSLAVIA	(a) Unemployment relief	45 per cent. of the resources of the unemployment relief fund are used for the payment of un- employment benefits; special subsidies from the State and autonomous bodies, if necessary.	Every employer of ten or more persons (excluding farm labourers, domestic servants, teachers, public officers and certain other classes) will be required, as from 1 July 1933, to contribute regularly to the Un- employment Fund a sum equal to 2 per cent. per annum of his pay-roll. When an employer has been subject to the Act con- tinuously for two years, the rate of contribution may be reduced (a) when his account amounts to \$55 but less than \$75 per em- ployee, to 1 per cent. per annum on his pay-roll; and (b) when and while his account has a reserve per employee of \$75 or more, no contribution to the Fund shall be required of him. Exemptions: employers who guarantee in advance for a stated one-year period at least 42 weeks of work or wages to all their eligible employees; em- ployers who submit plans pro- viding for voluntary schemes covering at least those em- ployees who would be covered under the compulsory scheme and providing benefits and other advantages of at least equal amount and value.
	(b) Voluntary insur- ance of workers in mines and the metal trade.	Varying subsidies from the State, the banats, the communes, the chambers of labour, etc.	1½ per cent. of gross earn- ings.

<sup>1</sup> Communes in the Cantons of this group are lawfully entitled to introduce compulsory insurance in their territory unless this is contrary to the consti-  
tution of the Canton.

<sup>2</sup> Wisconsin Act of 28 January 1932. This compulsory scheme shall not take effect if by 1 June 1933 the employers of not less than 175,000 employees  
have voluntarily established plans which comply with the standards laid down in the Act.





TABLE IV. — FINANCIAL OPERATIONS OF UNEMPLOYMENT BENEFIT SYSTEMS (continued)

Country	System (official designation)	Year <sup>2</sup>	Contributions from each source expressed as per cent. of total expenditure in the same year <sup>3</sup>					Total ordinary receipts (not including loans or advances)	Total expend- iture	Excess (+) or deficit (—) of ordinary receipts over ex- penditure (difference between columns 10 and 11)	Total reserve (+) or debt (—) of fund at end of year	
			From public authorities <sup>4</sup>				From miscel- laneous sources <sup>5</sup>					
			From workers	From em- ployers	Ordinary contri- butions and subsidies	Loans and advances						Total
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)
FINLAND	Voluntary insurance	1928	156.0	—	31.7	—	31.7	31.3	1,644	750	+ 894	28
		(Thousands of Finnish marks)										
GERMANY	(a) Compulsory insurance	1928	43.8	43.8	—	29	29	3.0	852	941	— 89	+ 50 <sup>30</sup>
		1929	31.7	31.7	—	35.1	35.1	1.5	890	1,372	— 377	—
		1930	29.5	29.5	—	41.0	41.0	0.0	1,069	1,800	— 482	—
		1931 <sup>31</sup>	32	32	—	32	32	32	32	1,585 <sup>33</sup>	— 32	—
	(b) Emergency; relief	1928	—	—	100	—	100	—	130	130	—	—
		1929	—	—	100	—	100	—	167	167	—	—
		1930	—	—	100	—	100	—	344	344	—	—
		1931 <sup>31</sup>	—	—	100	—	100	—	32	753 <sup>33</sup>	—	—
	(c) Communal relief	1928	—	—	—	—	400	—	—	80	—	—
		1929	—	—	—	—	400	—	—	155	—	—
		1930	—	—	—	—	400	—	—	370	—	—
		1931 <sup>31</sup>	—	—	—	—	400	—	—	635 <sup>37</sup>	—	—
	Insurance, emergency relief and communal relief taken together	1928	35.8	35.8	—	—	25.9	2.5	1,062	1,151	— 89	—
	1929	25.6	25.6	—	—	47.5	4.2	1,212	1,694	— 482	—	
	1930	21.1	21.1	—	—	57.5	0.0	1,783	2,514	— 731	—	
	1931 <sup>31</sup>	32	32	—	—	32	32	32	32	2,973 <sup>33</sup>	— 32	—



TABLE IV. — FINANCIAL OPERATIONS OF UNEMPLOYMENT BENEFIT SYSTEMS (concluded)

Country	System (official designation)	Year <sup>2</sup>	Contributions from each source expressed as per cent. of total expenditure in the same year <sup>3</sup>					Total ordinary receipts (not including loans or advances)	Total expend- iture	Excess (+) or deficit (—) of ordinary receipts over ex- penditure (difference between columns 10 and 11)	Total reserve (+) or debt (—) of fund at end of year			
			From public authorities <sup>4</sup>				From miscel- laneous sources <sup>5</sup>							
			From workers	From em- ployers	Ordinary contri- butions and subsidies	Loans and advances						Total		
													(4)	(5)
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)		
POLAND	Compulsory unemploy- ment insurance: (a) Manual workers	1924	35.2 <sup>60</sup>		17.6				0.01	3.6	6.8	3.2	—	
		1925	52.4		26.2				5.2	22.1	20.3	4.3	—	
		1926	60.0		31.5				15.6	27.5	23.1	4.4	—	
		1927 <sup>61</sup>	—		—				—	—	—	—	—	
		1928	62.9		31.4				54.5	75.9	51.0	24.9	—	
		1929	58.7		29.1				16.7	60.8	58.0	2.8	—	
	(b) Non- manual workers <sup>62</sup>	1930	28.1		14.0				0.9	49.0	113.6	64.6	—	
		1931	25.7		12.9				1.2	44.2	111.1	66.9	—	
		1928	652.8		—				186.2	18.7	2.2	16.5	16.5	
		1929	278.1		—				67.0	23.1	6.6	16.5	34.8	
		1930	110.1		—			15.9	22.2	17.6	4.6	38.5		
										(Millions of zlotys)				
SWITZERLAND	All unemploy- ment insur- ance funds taken together	1924	60.7	1.3	—	—	—	51.6	—	1.9 <sup>63</sup>	1.6 <sup>64</sup>	0.3	65	
		1925	37.7	0.9	—	—	—	67.5	—	2.7	2.6	0.2	—	
		1926	31.4	1.7	—	—	—	60.6	—	4.0	4.3	0.3	—	
		1927	40.2	4.5	—	—	—	67.1	—	6.8	6.1	0.7	—	
		1928	50.6	6.0	—	—	—	68.1	—	6.7	5.4	1.3	—	
		1929	45.3	6.6	—	—	—	71.7	—	8.4	6.8	1.6	—	
		1930	—	64	—	—	—	80.1	—	18.6	16.7	1.8	—	
		1931	—	64	—	—	—	84.7	—	39.6	37.9	1.6	—	
												(Millions of Swiss francs)		

## NOTES TO TABLE IV

### *General Note*

It must be borne in mind in reading this table that international comparisons can be made only to a very limited degree and with the greatest caution. Rates and duration of benefit and rates of contributions vary greatly under different systems; the purchasing power of equivalent amounts (in terms of foreign exchange ratios) of money over the types of articles on which unemployment benefits are spent has varied considerably in different countries and localities as well as at different times; the ratios of exchange between different currencies have varied over the period covered; the fact that a number of systems in different countries are called by the same name does not necessarily mean that they are similar in other respects; the proportion of the working (or of the wage-earning) population covered by the systems in operation varies greatly in different countries; and the rates of unemployment in different occupations and in different countries have also varied. In addition, there have been, in most of the countries concerned, substantial changes from time to time in the numbers and classes of workers covered by the various systems, and in various important features of their administration.

Moreover, as the compilation of the table has involved the interpretation of budget statements the exact meaning of which is in some cases open to doubt, and as there has not been time to submit the results for the criticism of the budgetary authorities of each of the systems concerned, the figures in the table, and particularly in columns 4 to 9, must be regarded as provisional and subject to possible correction.

### *Notes to Column Headings*

<sup>1</sup> In comparing the sums involved in different countries it may be convenient to consult table V (page 228) which shows average exchange rates in terms of United States cents for the years 1930 and 1931 and for the month of March 1932.

<sup>2</sup> Calendar year except where otherwise stated.

<sup>3</sup> Attention may be drawn to the fact that the percentages here cited are in each case a function of two variables—the amount of contributions and the amount of expenditure—and that a change in a given percentage from one year to another may be due to a change in either of these variables or in both and not necessarily to a change in contributions alone. The percentages are, however, directly comparable one with another in any given country in any one year.

It may be pointed out also that the percentages naturally do not always add up to 100, since they show receipts from various sources not as percentages of total receipts in the same year, but as percentages of total expenditures, and since expenditures in any year are frequently greater or less than receipts in the same year.

<sup>4</sup> The term “public authorities” is used to include local authorities as well as the Central Government, in cases where contributions are made to the insurance system by local authorities.

<sup>5</sup> Including interest on investments, refunds of benefit paid in error, and other miscellaneous receipts.

### *Australia*

<sup>6</sup> In each case, years ending 30 June. In the period 1 March 1923 to 30 June 1923 receipts amounted to £A. 56,952 5s. 0d. and expenditure (for administrative purposes only) to £A.1,165 4s. 8d. The reserve on 1 July 1923 was thus £A.55,787 0s. 4d.



<sup>7</sup> As the accounts do not indicate separately in every year the amounts of employers' and workers' contributions, it is assumed that (in those years in which separate figures are not given) they were in fact (as the provisions of the law would require) equal in amount. The employers' contribution includes the amount contributed by the State in its capacity of employer in respect of its permanent employees. This amount is not, of course, included again in column 6.

<sup>8</sup> In each case "0.0 per cent." indicates a proportion less than 0.05 per cent.

<sup>9</sup> In each case reserve at 30 June, the end of the fiscal year.

<sup>10</sup> Corresponds to the Treasury advance referred to in note 11.

<sup>11</sup> Not including advances from the Treasury to the net amount of £A.28,069 14s. 2d.

#### *Austria*

<sup>12</sup> The schilling was first quoted in March 1926. Earlier figures represent schilling equivalents.

<sup>13</sup> The published accounts do not give separate figures for employers' and workers' contributions. The percentages given in the table were arrived at by dividing by two the percentage represented by the total of employers' and workers' contributions.

<sup>14</sup> Complete figures not available.

<sup>15</sup> The Extraordinary Insurance was established in 1925.

<sup>16</sup> Figures not available.

<sup>17</sup> Not including sums carried forward to reserve.

<sup>18</sup> Not including sums drawn from reserve.

#### *Denmark*

<sup>19</sup> Years ending 31 March.

<sup>20</sup> These percentages correspond to special State subsidies of 1.7 million kroner in 1920-1921 and 0.2 million kroner in 1922-1923.

<sup>21</sup> In each case reserve at 31 March. On 1 April 1920 the reserves of funds already in existence amounted to approximately 3.3 million kroner.

<sup>22</sup> In each case contributions from the ordinary unemployment insurance funds.

<sup>23</sup> No direct contributions are made by employers to the emergency funds. The contributions from the Central Unemployment Fund do, however, represent in part an indirect contribution from employers.

<sup>24</sup> Reserve in each case at 31 March. On 1 October 1927, at the inception of the system, reserves of the emergency funds already in existence amounted to 0.6 million kroner.

<sup>25</sup> In each case years ending 31 March.

<sup>26</sup> In each case contributions from the ordinary unemployment insurance funds.

<sup>27</sup> Percentages corresponding to exceptional State subsidies of 0.5 million kroner in 1927-1928 and 0.1 million kroner in 1928-1929.

#### *Finland*

<sup>28</sup> Figures not available.

#### *Germany*

<sup>29</sup> In actual fact part of the expenditure of the fund during the year was met out of the reserve, which had been partly constituted by a contribution from the Federal Government (cf. note 30). It may therefore be considered that in 1928, as in the subsequent years, a part of the total resources of the fund was virtually provided by the public authorities.

<sup>30</sup> The reserve fund, which was constituted originally in 1927 by a transfer of 93.5 million RM. from the relief fund previously in existence and 50 million RM. contributed by the Federal Government, amounted on 1 January 1928

to 147.5 million RM. (*Reichsarbeitsblatt*, 1929, Teil II: "Erster Bericht der Reichsanstalt für Arbeitsvermittlung und Arbeitslosenversicherung", period 1 October 1927 to 31 December 1928.)

<sup>31</sup> 1 December 1930 to 30 November 1931.

<sup>32</sup> Figures not available.

<sup>33</sup> Provisional figures.

### *Great Britain*

<sup>34</sup> 1920-1921 to 1925-1926: years ending in July; 1926-1927: nine months from 5 July 1926 to 31 March 1927; 1927-1928 to 1930-1931: years ending 31 March.

<sup>35</sup> In each case the percentage in this column for Great Britain is calculated on the basis of a sum representing one-half of the total contributions from employers and employed persons.

<sup>36</sup> In each case the percentage in this column for Great Britain is calculated on the basis of a sum representing one-half of the total contributions from employers and employed persons, together with the contribution from the Service Departments under section 41 of the Act of 1920.

<sup>37</sup> Subject to correction. The figure represents the investments of the Fund at the value at which they were realised at the beginning of the next financial year, less the adverse cash balance of the Fund on 3 July 1921.

<sup>38</sup> The figures in this column are calculated for 1921-1922 on the basis of the total Treasury Advances outstanding at the end of the insurance year, and for subsequent years on the basis of the net increase in the Treasury Advances outstanding at the end of the insurance year. No entry is made in this column in 1920-1921, when no advances were made. In 1923-1924 and 1927-1928, there were on balance net repayments of advances, to the extent of £8,620,000 and £180,000 respectively, and these are represented in the table by negative percentages, and have the effect of reducing the percentages in column 8 for those years.

<sup>39</sup> The sum of £850,000 on the basis of which this percentage was calculated does not include a sum of £160,000 paid by the Government of Northern Ireland into the Exchequer of Great Britain on account of the apportionment of assets and liabilities of the Unemployment Fund as at 31 December 1921.

<sup>40</sup> The fact that the difference between this figure and the corresponding figure for the previous year does not correspond to the deficit shown in column 12 is due to the reduction of Treasury Advances outstanding by the amount of £160,000 referred to in the preceding note.

<sup>41</sup> Does not include a sum of £272,270 plus interest due from the Irish Free State to the Fund and deducted from the balance of Treasury Advances.

<sup>42</sup> The difference between this figure and the corresponding figure for the previous year is equal to £2.426 million, less the payment from the Irish Free State referred to in the preceding note.

<sup>43</sup> Does not include a sum of £58,607 representing an adjustment with the Treasury and the Irish Free State in respect of the apportionment of certain contributions for the period ended 30 June 1924.

<sup>44</sup> The difference between this figure and the corresponding figure for the previous year is equal to £481 thousand (shown in the table as £0.5 million) less the sum of £59 thousand referred to in the preceding note.

<sup>45</sup> Including additional contribution by the Exchequer (under section 16 (2) of the Act of 1930) in respect of the cost of transitional benefit.

<sup>46</sup> Including cost of transitional benefit.

### *Italy*

<sup>47</sup> Eighteen months ended 30 June 1921.

<sup>48</sup> Year ended 30 June.

<sup>49</sup> Six months ended 31 December.

<sup>50</sup> 1924 and following years—calendar years.

<sup>51</sup> Contributions of workers and employers are not given separately in every case in the source from which these figures are taken. Where separate figures are not given the assumption is made that as in other years they were equal in amount.

<sup>52</sup> Percentage representing contributions totalling 80 million lire made in the years 1920-1921 and 1921-1922.

<sup>53</sup> The discrepancy between this figure and the figure of 270.9 million given as the reserve at 31 December 1923 is not explained by the sources consulted. The former is an unofficial, the latter an official, figure.

<sup>54</sup> Reserve at 30 June. For 1923 and following years: reserve at 31 December.

#### *Netherlands*

<sup>55</sup> Figures not available.

<sup>56</sup> The figures quoted for receipts and expenditures do not include administrative expenses or the special grants from the State in respect thereof.

<sup>57</sup> The figures for reserves are taken from *Werkloosheidsverzekering Wachtgeldregelingen*, 1923-1930.

<sup>58</sup> The figures for 1931 are provisional.

#### *Norway*

<sup>59</sup> The figure on the basis of which this percentage is calculated includes an exceptional contribution of approximately 380,000 kroner made by the Iron and Metal Workers' Union.

#### *Poland*

<sup>60</sup> It is not possible, on the basis of published information, to separate workers' and employers' contributions.

<sup>61</sup> Statistics for 1927 were not available when this table was compiled.

<sup>62</sup> Figures communicated by the Polish Government.

#### *Switzerland*

<sup>63</sup> In each case total of members' contributions and public subsidies.

<sup>64</sup> In each case total benefits paid.

<sup>65</sup> Figures not available.

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## SOURCES OF INFORMATION<sup>1</sup>

### **Queensland (Australia)**

DEPARTMENT OF LABOUR: *Annual Reports on Operations under the Unemployed Workers' Insurance Acts*, 1924-1931.

### **Austria**

1923-1924: OESTERREICHISCHES KURATORIUM FÜR WIRTSCHAFTLICHKEIT: Veröffentlichung Nr. 9: *Der Kampf gegen die Arbeitslosigkeit*. (MSS.)

1923-1930: *Amtliche Nachrichten des Bundesministeriums für Soziale Verwaltung*.

### **Bulgaria**

1927: *Industrial and Labour Information*, 17 June 1929.

1928-1929: *Ibid.*, 10 February 1930.

1930: Communication to the International Labour Office.

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<sup>1</sup> All percentages have been calculated by the International Labour Office on basis of information in sources here cited.

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*Arbejdsdirektørens Indberetning til Indenrigsministeriet for Regnskabsaaret 1921-1922, 1922-1923.*

*Arbejdsdirektørens Indberetning om Arbejdsanvisningen og Arbejdsløshedsforsikringen for Regnskabsaaret 1923-1924.*

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*Indberetning til Socialministeriet om Arbejdsanvisningen og Arbejdsløshedsforsikringen M.M. 1927-1928, 1928-1929, 1929-1930, 1930-1931.*

## Germany

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## Poland

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*Sprawozdanie Zakładu Ubezpieczeń Pracowników Umysłowych, 1928, 1929 1930.* (Non-manual Workers.)

## Switzerland

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TABLE V. — EXCHANGE RATES ON NEW YORK

*Yearly Averages 1930 and 1931, and Monthly Average March 1932*

(In United States cents (to nearest hundredth) per unit of each other currency)

Country	Present monetary unit	Par of exchange	1930: average for year	1931: average for year	1932: average for month of March
Austria	Schilling	14.07	14.09	14.02	13.96
Belgium	Belga (=5 francs)	13.90	13.95	13.93	13.94
Bulgaria	Lev	0.72	0.72	0.72	0.72
Canada	Dollar	100.00	99.84	96.33	89.45
Czechoslovakia	Crown	2.96	2.96	2.96	2.96
Denmark	Krone	26.80	26.77	25.06	20.01
Finland	Markka	2.52	2.52	2.39	1.60
France	Franc	3.92	3.92	3.92	3.93
Germany	Reichsmark	23.82	23.85	23.63	23.78
Great Britain	Pound	486.65	486.21	453.50	363.93
Italy	Lira	5.26	5.24	5.21	5.18
Netherlands	Florin	40.20	40.23	40.23	40.28
Norway	Krone	26.80	26.76	25.05	19.60
Poland	Zloty	11.22	11.21	11.20	11.18
Spain	Peseta	19.30	11.67	9.55	7.60
Sweden	Krona	26.80	26.85	25.25	19.85
Switzerland	Franc	19.30	19.38	19.40	19.34

*Note.* — In addition it may be noted that the Australian and New Zealand pounds, nominally at parity with sterling, were at a discount during 1930, 1931, and 1932. In 1930 the average value of £100 sterling was £A.106.0 and £N.Z.103.8; in 1931, £A.129.0 and £N.Z.109.2; and in March 1932, £A.125.3 and £N.Z.109.5. (LEAGUE OF NATIONS: *Monthly Bulletin of Statistics*, March 1932, pp. 130-131.)

SOURCE: *Federal Reserve Bulletin* (Washington), January 1932 and April 1932.

## CHAPTER VI

### ADMINISTRATIVE ORGANISATION

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The administrative organisation of unemployment benefit schemes varies according as the scheme concerned is one of compulsory insurance, voluntary insurance, or non-contributory relief.

In the case of compulsory insurance there is usually a single fund which collects all the contributions and makes all payments, administered either by the State itself or by a self-governing national institution. In voluntary insurance administration is mainly in the hands of the insured persons themselves, grouped in mutual benefit societies. Theoretically the contrast between these two systems appears complete, but in practice the difference is less marked, since the insured persons are usually allowed some share in the administration of compulsory insurance, while in voluntary insurance the public authorities intervene with a view to supervising the management of the funds. In both cases there is a certain measure of co-operation between the State and local authorities on the one hand and the insured persons on the other.

The administrative organisation of unemployment relief is similar to that of compulsory insurance, save that as a rule it is less centralised, and leaves a larger share of responsibility with the local authorities.

#### § 1. — General Administration

##### (a) COMPULSORY INSURANCE AND RELIEF BY PUBLIC AUTHORITIES

##### *Central Administration by the State or by a Self-Governing National Institution*

Administrative systems vary considerably from country to country, particularly with regard to the degree of centralisation or decentralisation, as the case may be. All are theoretically under

the authority of the central administration, i.e. the Ministry of Labour or Social Welfare. The Ministry may either exercise its authority directly or delegate it to more or less independent authorities, or, again, may place the administration of unemployment insurance and relief in the hands of a self-governing body invested with legal personality. The first type of organisation is found in the schemes in force in Australia (Queensland), Bulgaria, the Irish Free State, and, above all, in Great Britain, the prototype of the centralised schemes.

In *Great Britain*, unemployment insurance is administered entirely by the Ministry of Labour<sup>1</sup>, which includes a body of officers responsible for managing some 400 employment exchanges (418 in 1931) and 756 branch employment offices, grouped for administrative purposes in seven territorial divisions. The Unemployment Fund, into which all contributions flow and from which all benefits are paid, is administered by the Ministry of Labour. All important administrative decisions are in the hands of the Minister, who is also responsible for appointing and discharging officials, or of the departments of the Ministry<sup>2</sup>.

Under the compulsory insurance schemes of some countries, part of the administrative work is delegated to committees specially appointed for the purpose.

This is the case in *Austria*, where section 17 of the Act of 22 February 1927 provides that "district industrial commissions shall be established for the purpose of controlling the arrangements for unemployment benefit".

Elsewhere there is a tendency to keep the administration of unemployment insurance out of the hands of official State departments.

The most typical example is to be found in *Germany*, where a Federal Institution for Employment Exchanges, and Unemployment Insurance invested with legal personality and with wide powers of self-government, was set up by the Act of 16 July 1927. The Institution is responsible for all matters connected with the enforcement of the law. At the head of the Institution is a President appointed directly by the Federal President after consultation of the governing body and the Federal Council, assisted by an executive of sixteen members and a governing body of forty members, which act as executive and advisory organs respectively<sup>3</sup>. The executive manages the affairs of the Institution, and represents it in courts of law and extra-judicially. It has the status of a legal representative (section 21, subsection 1). The governing body draws up the rules of the Institution and issues general instructions for the conduct of its business (section 41).

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<sup>1</sup> The Ministry of Labour comprises seven departments, four of which are directly concerned with the administration of unemployment insurance, i.e. the Unemployment Insurance Department, the Transitional Payments Department, the Finance Department (which manages the Unemployment Fund) and the Employment and Training Department (in view of the close connection between employment exchange work and unemployment insurance).

<sup>2</sup> Formerly the Minister also had power to authorise the institution of special unemployment insurance schemes, independent of the general scheme. The banking and insurance industries were thus authorised to set up special schemes, which are still in force and cover over 193,000 persons. The special schemes are administered by joint boards.

<sup>3</sup> The President of the Institution is *ex-officio* chairman of these two bodies.

Under a Decree of 21 March 1932, issued in virtue of the powers conferred on the Minister of Labour by the Legislative Decree of 5 June 1931, a considerable number of the functions of the governing body have been transferred to the executive. The Decree also provides that in future the members of the executive shall be appointed from among the members of the governing body, whereas these two offices were formerly incompatible.

The Federal Institution comprises thirteen State employment offices and 363 local employment offices organised along uniform lines throughout the Federal territory. The chairmen and vice-chairmen of the State Employment Offices are appointed by the Federal President, with the approval of the executive of the Institution<sup>1</sup>. The staff of the local employment offices is engaged by the chairman of the State employment office.

In *Italy*, too, there is a self-governing institution, although it is not exclusively confined to unemployment insurance, i.e. the National Social Insurance Institution, with its subordinate provincial or interprovincial funds. The National Institution supervises the working of the provincial and interprovincial unemployment funds, directs and co-ordinates their activities, and approves their budget and balance sheet; it also exercises all other functions assigned to it by the Royal Decree of 30 December 1923 (section 11) and the Regulations thereunder. The right of self-government possessed by the National Institution is, however, limited by the authority of the Minister of National Economy who is responsible for the appointment of the employees and managers of the funds. The special committee, for instance, which assists the governing body of the National Institution in the management of the National Unemployment Fund, includes three high officials representing the Department of National Economy<sup>2</sup>, the Ministry of Finance, and the Ministry of Public Works respectively.

In *Poland*, on the other hand, a large measure of independence in administrative matters is allowed to the National Unemployment Fund, which is invested with legal personality and managed by a Central Executive with the following functions: (a) administration of unemployment insurance moneys; (b) taking of decisions in respect of alterations in contributions and benefits; (c) supervision of subordinate bodies; and (d) exercise of functions connected with the administration of the Act.

### *Regional and Local Administration*

Whether the central administrative authority is a Ministry or a self-governing body, it necessarily requires local executive organs in the various districts.

The central authority appoints its own officers to such organs either directly, e.g. the insurance officers of *Great Britain*, or after consultation of the district authorities. In *Germany* the Federal President appoints the chairmen and vice-chairmen of the thirteen State employment offices in agreement with the executive of the Federal Institution, but only after consultation of the committee of management<sup>1</sup> of the State Employment Office concerned. These officials are the executive agents of the central

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<sup>1</sup> The President and Vice-President of the Institution and the chairmen and permanent vice-chairmen of the State Employment Offices have the rights and duties of Federal officials. The rest of the staff of the Institution is engaged under private contracts of employment (section 35, subsection 1 and 3).

<sup>2</sup> In September 1929 the Ministry of National Economy was abolished, and the Departments for dealing with labour, welfare and credit matters, which had previously been comprised in it, were in the main transferred to the Ministry of Corporations.



authority in the various States. They direct and administer not only unemployment insurance but the State employment exchanges, which control the local exchanges. They also act as connecting links between the central and local organs of the Institution.

This specific function is also recognised by the *Italian Act*, which lays down that the employees of the provincial and interprovincial funds shall form part of the staff of the National Social Insurance Institution, although their salaries are borne by the individual funds (section 14 of Royal Decree of 30 December 1923).

The officials of the central body are, however, as a rule neither numerous enough nor in close enough touch with local conditions to be able to dispense with the co-operation of the municipalities. This is recognised by the legislation of a number of countries, which provides that recourse may be had to the local authorities.

Thus, in *Austria* the local authorities act as unemployment offices in communes with less than 5,000 inhabitants (section 20 of Act of 21 February 1927).

The same is true of *Bulgaria*, where the Act of 12 April 1925 provides that "in localities in which no exchanges or offices are opened, employment exchange work shall be carried on by the communal administrative authorities" (section 8).

In the two countries mentioned above, as well as in others, the same authorities are also responsible for carrying out certain administrative measures connected with unemployment insurance<sup>2</sup>.

In *France*, unemployment relief is organised to a large extent on a local or regional basis. While the Ministry of Labour exercises a general supervision of the relief measures, approves the regulations of the public unemployment funds, and issues regulations with which these funds must comply, it is left to the municipalities and departments to decide<sup>3</sup> to set up communal, inter-communal or departmental funds, to organise them, to suspend their activity when unemployment diminishes, to determine, within the limits of the law and regulations, the conditions for the payment of benefit, the rates of benefit, and to vote special contributions, etc.

In *Germany*, not only the administration but also the cost of ordinary relief to the unemployed is borne entirely by the communes.

In *Poland* the Act of 18 July 1924 provided that the local executive (i.e. the local organ of the Unemployment Fund) may, with the approval of the Central Executive, and subject to repayment of expenses incurred, delegate all or part of its functions to the communes.

### *Co-operation of the Persons Concerned*

Under most compulsory insurance laws provision is made for the co-operation of employers and workers in several of the administrative organs of the scheme. By means of such co-operation the

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<sup>1</sup> These bodies include representatives of the State authorities, as will be seen below.

<sup>2</sup> In *Bulgaria* the mayor or his deputy is an *ex-officio* member of the local labour council responsible for organising work of public utility.

<sup>3</sup> See p. 201.

public authorities are kept informed of the real needs of the insured persons and enabled to prevent any attempted abuses.

The forms taken by such co-operation vary widely from country to country. It may be strictly limited, or on the contrary very considerable. In some countries the functions of employers and workers are advisory only, and in others of a genuinely administrative character, sometimes limited to specific cases and sometimes more general. They may cover the prevention or reduction of unemployment, the drafting of administrative regulations, the enforcement of such regulations, the settlement of cases not provided for under laws and regulations, the supervision of administration, disputes about competence, disputes with members, etc.; or again they may be restricted to one or other of these matters.

In *France*, each communal, intercommunal or departmental unemployment fund or relief institution has attached to it a supervisory commission, including among its members employers and workers or salaried employees in equal numbers, with the function of giving its opinion on applications for benefit and on the suspension or withdrawal of benefit. Under a Decree of 28 December 1926, this commission may be the governing body of the public employment office of the district in which the fund has its headquarters. The commission must in any case keep in constant touch with the public employment office of the town or department, with a view to obtaining work for unemployed persons.

In *Germany*, the insured persons are required to bear their share of responsibility for the management of insurance and relief institutions at every stage. The governing body of the Federal Institution for Employment Exchanges and Unemployment Insurance, which is presided over by the President of the Institution, consists of an equal number of representatives of employers, wage earners and public authorities<sup>1</sup>, the employers' representatives being elected by the employers' section of the Economic Council and the workers' representatives by the workers' section. The executive which assists the President of the Institution, similarly comprises five representatives of each of the three groups specified above, together with the President of the Federal Institution, who is *ex-officio* president of the executive<sup>2</sup>. The interested parties are also similarly represented in the State employment offices and local employment offices, each of which has its own committee of management. The parties are thus represented throughout the German system.

In *Great Britain* each exchange area has a Local Employment Committee, on which employers and workpeople are represented, which acts in an advisory capacity on employment questions, and many areas also have a Juvenile Advisory Committee for questions relating to juvenile employment. Moreover, the Courts of Referees, which are appeal courts of first instance, comprise an employers' representative and a workers' representative, and are presided over by an independent Chairman who usually has legal qualifications. Certain trade unions are also allowed to co-operate in the payment of unemployment benefit.

In the majority of countries the co-operation of the interested parties tends to be limited to particular objects.

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<sup>1</sup> At least ten representatives each of employers and workers and ten representatives of the public authorities.

<sup>2</sup> The principal functions of the governing body and executive of the Federal Institution have been described above.

Under the *Bulgarian Act*, the local labour councils including three employers' and three workers' representatives are required to investigate what works can be carried out in the district concerned by the State, department or commune, with a view to preventing or reducing unemployment.

A similar function is assigned by the *Queensland Act* to an Unemployment Council consisting of five persons, including one workers' and one employers' representative, which may make rules to give effect to the powers of the Labour Exchanges under the Act (section 4 (f)).

But its practical influence in this sphere is possibly less effective than that of the eleven district industrial commissions in *Austria*, which are entirely responsible for controlling the arrangements for unemployment benefit and relief in their respective districts. These commissions, which are strictly joint bodies, have the power to issue administrative regulations subject to ratification by the responsible Minister. They supervise the enforcement of the laws and regulations relating to unemployment insurance and relief, "entrust the duties of unemployment offices to public employment exchanges and specify the localities and trades to be included within their operations" (Act of 22 February 1927, section 20). They also exercise supervision over these offices.

The supervision exercised by administrative bodies on which workers and employers are represented may apply not only to the subordinate offices, but even to the central fund itself.

In *Italy* the special committee of eight persons which, in conjunction with the governing body of the National Institution, manages the National Unemployment Fund (a self-governing organ of the Institution), also includes one employers' and one workers' representative. These, however, are elected by the governing body of the Fund from among its members, whereas the workers' representatives on the Polish executive are nominated by the executive committees of the largest trade unions in the country and the employers' representatives by the executive committees of the central employers' organisations, and appointed by the Minister.

The *Polish Central Executive*, which includes six workers' and four employers' representatives, virtually administers the unemployment fund subject to the authority of the Minister of Labour and Social Welfare (Act of 18 July 1924, section 17).

Finally, mention should be made of the co-operation of employers and workers in the bodies described below responsible for the settlement of disputes relating to the competence and decisions of the administration. Most, if not all, countries provide that employers and workers shall be represented on the bodies of first or even of second instance for the hearing and judgment of disputes.

## (b) VOLUNTARY INSURANCE

### *Administration of Primary Funds*

Voluntary insurance is organised on a different basis from compulsory insurance. It is administered through a number of mutual benefit organisations, usually trade union funds. Generally speaking, the management of these funds is in the hands of a com-

mittee appointed by the members and responsible to them for the efficient conduct of its affairs.

The activities of the funds may cover the country as a whole, or only a single region or locality. They may also be limited to a single trade or trade union or, on the other hand, comprise workers in several kindred trades, or even in entirely different industries.

In a very few voluntary insurance schemes, e.g. in *Belgium*, societies are set up by the public authorities open to all workers without restriction of trade or occupation. Such societies were set up in Belgium under section 13 of the Royal Order of 18 February 1924<sup>1</sup>, but have recently been amalgamated into a single public society.

In *Denmark*, section 6 of the Act of 1 July 1927 provides that "employees belonging to different trades shall have the right to unite to form a national fund".

Voluntary insurance funds may be purely workers' organisations, or joint bodies.

In the latter case, especially common in *Switzerland*, where 75,000 persons belonged to such funds at the end of September 1931, the responsibility of management is shared between employers' and workers' delegates, whatever the number of their respective representatives on the committees of management. Joint funds of this kind may be the insurance carriers for a whole branch of industry or commerce, or even for a particular undertaking. At the end of March 1932 there were in Switzerland twenty-one joint funds of the former kind, with 50,945 members.

### *Supervision by Public Authorities*

#### *Procedure and Conditions for Recognition of Funds*

All voluntary insurance laws require that the funds shall submit their rules to the authorities as a preliminary to obtaining official recognition. In the majority of countries, in fact, such recognition is granted only after the rules have been approved, and subject to the further stipulation that any subsequent amendments shall immediately be notified to the competent administrative authority. The law also lays down precise conditions as to the minimum number of members, compulsory admission to membership, financial supervision by the public authorities, etc.

In *Belgium*, the rules and standing orders of societies applying for recognition are examined by the governing body of the National Emergency Fund, acting as the Permanent Board of societies for insurance against involuntary unemployment. The Minister of Labour may refuse his approval if the societies fail to effect any amendments required by the governing body (section 36).

In order to procure and retain State recognition in *Denmark*, an unem-

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<sup>1</sup> Up to 1931 there were eighteen such societies, only three of which had more than 100 members (cf. Armand JULIN: "Le chômage en Belgique en 1931", in *Bulletin de l'Institut des Sciences Economiques*, Feb. 1932).

ployment fund must have at least a hundred members, must be set up for one or more specified trades, and must cover at least one province. A National Employment Committee consisting of two Sections, one of which is an Unemployment Insurance Section, and comprises six representatives of the fund, two members appointed by the Landsting and two by the Folketing, is responsible for securing uniformity in the rules of the recognised funds, which must conform to strictly defined conditions. Unrecognised funds may, however, also be granted a subsidy subject to the fulfilment of certain specified conditions.

In *France*, one of the conditions for the granting of the State subsidy is that the fund concerned shall comprise at least a hundred members, or fifty members if the fund is already in receipt of a grant from a commune or department, or if it comprises members of different trades and is situated in a commune with a population of under 50,000 (Decree of 9 September 1905, section 2). An amendment of this Decree also stipulates that every fund shall either set up a free employment office or enter into an agreement with a public employment exchange for the registration and placing of its unemployed members.

In *Switzerland*, examination of the rules and superintendence of the strict enforcement of statutory provisions are the functions of the Federal Labour Office, or in certain cases of the cantonal authorities. A Federal subsidy may be granted only to funds with more than 200 members.

### *Supervision of the Working of the Funds*

Besides laying down certain conditions to be fulfilled by funds applying for recognition, the public authorities also supervise the observance by approved funds of the statutory provisions in force. Such supervision may either be exercised directly by the central authority, or be delegated to the municipalities, or to other bodies specially appointed for the purpose.

In *Belgium* permanent supervision is exercised over local insurance societies in receipt of State subsidies by the communal or intercommunal unemployment funds (section 13).

In *Norway*, supervision is principally exercised by the communes; the municipalities or committees appointed by them for the purpose superintend the strict enforcement of the rules approved as conforming with the official requirements of the Ministry concerned. They may examine the books of the funds and require the governing bodies to give any explanations which may be found necessary (Act of 7 July 1922, section 12). The funds are also obliged to submit for examination monthly statements of the unemployment benefits paid by them (section 11), half the cost of which is refunded to them by the State and communes.

As regards provisions concerning book-keeping, all voluntary insurance laws require trade unions maintaining unemployment funds to keep a separate account for their insurance activities. Such accounts are audited by the public authorities, usually by the State.

In *Denmark*, the books are examined annually by the Director of the central administration and his department (Act of 1 July 1927, section 22), and a thorough inspection of the accounts and financial position of the funds is made at least once every three years. Any irregularity or contravention of the law may be punished by suspension of the subsidy for a year, or with-

drawal of approval from the offending fund (section 23). The Employment Committee and the Minister of the Interior may issue regulations respecting the total or partial reinsurance of funds.

In *France*, voluntary insurance funds are required to keep their unemployment accounts entirely distinct from the other activities of the funds or institutions with which they are associated. Every six months, the funds must submit for examination by the public authorities a detailed statement of their membership, revenue, expenditure, etc., on the basis of which the Minister of Labour draws up an annual report on the distribution of the national credits allocated for subsidising the funds. The funds are further obliged to furnish any explanations that may be found necessary and to allow the authorities access to their books at any time. Similar measures of supervision are prescribed for public unemployment relief funds. Finally, an Unemployment Funds Commission, consisting of members of Parliament, officials, managers of unemployment funds, etc., was set up by the Finance Act of 22 April 1905, its principal function being to submit proposals in regard to the rate of State subsidies to voluntary unemployment insurance funds.

Under the *Norwegian* Act, the accounts of the funds are subject not only to the supervision of the municipal authorities, but also to a second examination by the competent Ministry, to which the fund must submit a quarterly statement of the unemployment benefits paid, and an annual statement of its accounts, together with a report on its operations (sections 9 and 10).

In *Switzerland*, the Federal subsidy is paid only after an annual examination of the accounts of the fund has been made by the Federal Labour Office; but appeal against the latter's decision may be made to the Department of Public Economy, whose decision is final.

### *Administration of Auxiliary Bodies*

Emergency funds, which have acquired considerable importance during recent years, are usually administered in countries with compulsory insurance on similar lines to primary insurance funds. Where public emergency funds have been set up in countries with voluntary insurance, the result has sometimes been to create a system of administration distinct from that of the mutual benefit societies' funds.

This is the situation in *Belgium*, which has a National Emergency Fund managed by a governing body. The Minister of Industry and Labour has the power to examine the books of the National Emergency Fund and issue instructions with a view to ensuring its efficient working (Royal Decree of 25 October 1930, section 34).

### § 2. — Method of Collecting Contributions

Methods of collecting the contributions of employers and workers differ under compulsory and voluntary insurance respectively; in compulsory schemes they are generally collected by the State, and in the second by the primary funds themselves. In compulsory insurance, again, it is usually the employer who is responsible for payment and in voluntary insurance it is the worker.

Under most compulsory insurance schemes the system in force is that of deduction in advance; the employer pays the whole contribution but is entitled to deduct the share payable by his workers or employees from their wages or salaries. The contribution is paid to the State by means of contribution stamps affixed and cancelled by the employer at regular intervals, on a special card for each worker, either weekly, as in Great Britain<sup>1</sup>, or fortnightly as in Italy. In Great Britain old insurance cards are replaced each year by the Ministry of Labour. The actual payment of contributions is strictly supervised and penalties are inflicted in case of attempts at evasion.

In *Austria* workers' and employers' contributions are collected by the statutory institution for sickness insurance at the same time as its own contributions, employers being entitled to deduct half the amount of the contribution from the wages and salaries of their workers and employees not later than the second pay-day following (section 26). The insurance institution is entitled to repayment of the cost of collecting unemployment insurance contributions, the rate of repayment being fixed in each case by an Order of the Ministry of Social Administration (section 26).

In *Germany* the workers' contributions are collected by the sickness insurance funds, usually as an addition to their own contributions (section 145); at least once a month the whole sum is paid by two million employers to the sickness funds, of which there are 11,000 throughout the country<sup>2</sup>. These moneys are transferred without delay (section 147) through a bank or post office to the Employment Office of the State concerned.

No rules for the collection of contributions are laid down in voluntary insurance schemes, which leave the method of collection to the choice of the fund itself. In practice, trade unions collect the contributions to their unemployment funds at the same time as their general contributions, but credit them to a separate account, as described above.

### § 3. — Payment of Benefits<sup>3</sup>

Strictly speaking, a distinction should perhaps be drawn between the method of paying out benefits in compulsory and voluntary insurance, on the one hand, and in emergency relief (which represents, as it were, an extension of insurance benefit when the latter has become inadequate or been exhausted) and ordinary relief, on the other; but in view of their close relation to each other they

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<sup>1</sup> Or every three or six months, where an agreement to this effect has been concluded between the employer and the Ministry of Labour.

<sup>2</sup> Neither contribution stamps nor insurance booklets or cards are in use in Germany.

<sup>3</sup> On this subject cf. also Chapter III, § 2.

will be dealt with together. Generally speaking, in compulsory insurance ordinary benefits and emergency benefits are paid out through public funds and paying offices, which are not necessarily used exclusively for this purpose, but are usually distinct from the bodies for the sale of unemployment insurance stamps. In voluntary insurance, on the other hand, payment is made by the funds themselves.

Among countries with compulsory insurance reference may be made to *Austria*, where the Act provides that "the Federal Ministry of Social Administration, in agreement with the Federal Ministry of Finance, shall designate suitable public administrative funds as paying offices" (section 22). Payment is made once a week. "After hearing the district industrial commission, the provincial Governor may entrust communes in which there is no paying office, on their application, with the payment of benefit to the unemployed. . . . The Federal Ministry of Finance, in agreement with the Federal Ministry of Social Administration, shall issue regulations for the operations of the paying offices" (section 22).

In *Germany*, benefit is paid each week as soon as due, personally to the beneficiary, by the 3,000 pay offices subordinate to the Federal Institution for Employment Exchanges and Unemployment Insurance. In order to simplify the procedure it has been proposed that in future payment shall be made through post offices, but no such measure has yet been introduced. Application for the money required for the payment of benefit is made each month by the local employment offices to the State Employment Office concerned. The committee of management of the State Employment Office is responsible for verifying the propriety of the expenditure and allotting the necessary sums (section 151)<sup>1</sup>.

In *Great Britain*, benefit is normally paid weekly by the employment exchanges, generally on Friday. Under certain circumstances, however trade unions may also be made responsible for the payment of official benefit. On 5 February 1931, there were 134 such unions with 886,000 members.

In *Italy* payment is made by the provincial or interprovincial funds, but recourse is also had to various public funds and offices, such as post offices; and the communes may also be made responsible for payment in certain cases.

#### § 4. — Procedure for Settlement of Disputes

The legislation of most countries lays down a special form of procedure for appeal, open both to the unemployed persons and to the authorities with whom their difference has arisen.

The most numerous possibilities of appeal against decisions regarded as unjust are provided by the *Danish* Act of 1 July 1927, whether in respect

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<sup>1</sup> Not only the funds for unemployment insurance, but those for emergency relief as well all flow into the thirteen State employment offices, or strictly speaking, into their accounts with the Reichsbank. They receive for distribution the contributions of employers and workers, as already noted, and the Federal and communal contributions to emergency relief. It may be recalled that the cost of emergency relief is borne by the Federal Government and the communes in a proportion of four-fifths and one-fifth respectively, while public relief is administered and borne entirely by the communes.



of the right of membership of an insurance fund, the right to benefit, rate of benefit, contributions, the right of voluntary funds to amend their rules, the enforcement of certain conditions for the granting of municipal relief, etc.

Procedure for appeal varies widely from country to country. There may be one, two or more successive instances—frequently three.

In *Austria*, appeal against the decisions of the unemployment offices may be made in the first instance within eight days of the notification of the decision, to a joint arbitration commission (section 14) consisting of employers' and workers' representatives appointed by the district industrial commission with a chairman and vice-chairman chosen by the latter from among the members of the arbitration commission. Membership of the commission is honorary (section 21). The district industrial commission acts as a tribunal of second instance to which appeal may be made within eight days of the notification of the decision of the joint arbitration commission, either by the unemployed person himself or by the Director of the unemployment office concerned (section 14). Finally, the Ministry of Social Administration is the supreme authority to whom appeal may be made by the chairman of the arbitration commission, the Director of the unemployment office or the unemployed person, within fourteen days of the notification of the industrial commission's decision.

Although it does not specifically introduce procedure for appeal in cases of dispute, the *Belgian* Royal Order lays down that "the Minister may consult the Permanent Board (i.e. the governing body of the National Emergency Fund) concerning differences respecting the enforcement of the rules of the society in cases where the National Emergency Fund is not directly concerned in the settlement". By a Circular of 5 October 1931 the Belgian Minister of Labour announced his decision to set up in connection with the committee of each unemployment society a joint appeal board with the function of giving a decision in the first instance on the right to benefit of any insured person, the involuntary character or origin of whose unemployment gives rise to dispute. The boards "shall also consider all appeals lodged by insured persons who have been refused unemployment benefit or relief by the organisations responsible for payment or supervision, and issue decisions concerning any complaint raised against the operation of unemployment insurance in their district". The persons concerned may appeal against their decisions to the governing body of the National Emergency Fund.

The *Danish* Act, as already stated, specifies in detail the various cases in which appeal may be made and provides as ordinary and successive authorities the Director of Employment Exchanges and Unemployment Insurance, the Employment Committee, and the Minister of the Interior.

The *German* Act provides for appeal to three successive authorities: (1) to a judgment committee set up at each employment office and consisting of the chairman of the office and one employers' and one workers' assessor from among those belonging to the committee of management (section 29); (2) to a judgment chamber set up at each State employment office and similarly constituted by members chosen from among those belonging to the superior insurance office; the Act also provides that two or more judgment chambers may be established in the district of a State employment office; (3) to a judgment commission for unemployment insurance set up at the Federal Insurance Office.

In *Great Britain* the competent Insurance Officer refers doubtful claims to the Court of Referees<sup>1</sup>, consisting of a Chairman appointed by the Minister of Labour and one employers' and one workers' representative. Claimants are entitled to appeal to the Umpire against a decision of the Court of

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<sup>1</sup> There are nearly 300 such courts in Great Britain at present.

Referees (a) if leave is given by the Court, and (b) if the decision is not unanimous. The Insurance Officer and an association of employed persons of which the claimant is a member may appeal against the Court's decision in any case. The Umpire, who is appointed by the Crown, is the final authority.

In *Italy* appeal against the decisions of local insurance organs in respect of contributions and the right to benefit is provided for under section 15 of the Decree of 30 December 1923. The authority of first instance is the committee of the competent social insurance institution and that of second instance the special committee of the National Fund. A further appeal against the decisions of the latter may be made to the Ministry of National Economy<sup>1</sup>, whose decision is final.

The *Norwegian* Act provides for only one authority of appeal from the decisions of the governing bodies of the funds. "If any person who either is, or has applied to be, insured in one of the unemployment funds dealt with in this Act considers that a decision of the governing body of the fund respecting his affairs is not in conformity with the law, he may lodge an objection with the competent Ministry"<sup>2</sup> (section 7). Section 12 of the Act further lays down that in case of disagreement between the communal authority or the auditors and an unemployment fund concerning the legality of any benefit paid out, the question shall be submitted to the Ministry for decision. The Ministry is thus the sole authority of appeal.

In *Switzerland*, the authorities for appeal are first the Federal Labour Office, and subsequently the Department of Public Economy and, in certain cases, the Federal Council as a whole.

## § 5. — Cost of Administration

The information available on this point is only fragmentary and is not easily comparable because methods of book-keeping in respect of administrative expenses vary considerably in different countries; but it may nevertheless be worth giving here for the sake of the few detailed particulars it affords.

In this respect, as in most of those previously dealt with, the position is different in regard to compulsory and voluntary insurance. At first sight, the latter would appear less costly to administer, owing to the greater simplicity of its machinery. This, however, may be doubted when the duplication caused by the often needlessly large number of funds and the additional costs entailed by the necessity for State supervision of their management are considered. Although it is not possible to quote any conclusive evidence<sup>3</sup>, it would appear on the whole that, quite independently

<sup>1</sup> Cf. footnote (2) on p. 231.

<sup>2</sup> The Ministry of Social Affairs.

<sup>3</sup> Owing to the large number of funds, it is impossible to calculate the real administrative expenses of voluntary insurance schemes with any strict accuracy.

of the relative advantages and disadvantages of these two systems of insurance, voluntary schemes involve a wider incidence of administrative work and therefore higher administrative costs.

In *Austria* the cost of administering unemployment insurance and emergency relief amounted to 5.4 million schillings in 1924, 7.9 million in 1925, 9.9 million in 1926, 10.2 million in 1927, 11.4 million in 1928, 11.8 million in 1929 and 12.6 million in 1930.

The total administrative costs of the Federal Institution for Employment Exchanges and Unemployment Insurance in *Germany* amounted to 121.3 million RM. in 1930, compared with 108.2 in 1929. From this amount a sum of 43 million RM. in round figures must be deducted for the cost of placing and vocational guidance, leaving a sum of 78.3 million RM. for the administration of unemployment insurance alone, as against a corresponding figure of 65 million RM. in 1929<sup>1</sup>. These figures also cover the administration of emergency relief but not that of ordinary relief to unemployed persons, which is borne by the communes.

In *Great Britain* the cost of administering the unemployment insurance scheme, including employment exchange work, amounted in all to £4,914,000 for the financial year 1 April 1927 to 31 March 1928, to £5,720,000 for 1928-1929, to £5,463,000 for 1929-1930 and to £6,319,000 in 1930-1931. Expressed as a proportion of the normal revenue derived by the fund from the weekly contributions, the percentages are as follows<sup>2</sup> :

	Per cent.		Per cent.
1922-1923 . . . . .	10.5	1926-1927 . . . . .	13.2
1923-1924 . . . . .	8.4	1927-1928 . . . . .	11.7
1924-1925 . . . . .	8.7	1928-1929 . . . . .	13.1
1925-1926 . . . . .	9.8	1929-1930 . . . . .	10.3

Up to 1930 administrative expenses only twice exceeded the limit of 12½ per cent. above which the Treasury is legally bound to bear the extra amount; and this was due in one case, i.e. the year 1926-1927, to the exceptional conditions created by the big coal dispute, which caused unemployment in many other industries.

It will be seen that administrative costs are relatively higher in Great Britain<sup>3</sup> than in Germany, the difference being perhaps partly due to the difference in the salaries paid to the staff.

A consideration of the administrative expenses entailed by a voluntary insurance scheme such as that of Belgium reveals the fact that the cost of administration there is still higher.

In *Belgium* approved societies are authorised to charge to management expenses a sum not exceeding a specified percentage of their revenue fixed from time to time. The amended text of section 10 of the Royal Order of 25 October 1930 provides that "before the end of the first quarter of each year the approved

<sup>1</sup> The report of the Federal Institution for 1929 points out that as the number of insured persons in that year was about 17,562,000, the cost of administration amounted to 3.70 marks per head.

<sup>2</sup> Figures quoted by Mary Barnett GILSON: *Unemployment Insurance in Great Britain*, p. 154.

<sup>3</sup> In 1930 the staff employed on unemployment insurance work in the United Kingdom numbered about 21,000 officials, agents, etc., including appeal bodies, the corresponding figure for 1924 being slightly under 15,000 (cf. *The Administration of Unemployment Insurance*, New York, Metropolitan Life Insurance Company Press).

societies shall forward to the Minister of Industry and Labour a statement of their financial situation on 31 December of the previous year and their revenue and expenditure for the past year. They shall not charge to expenses of management nor to any other general expenses more than 15 per cent. of the total amount of the contributions plus 20 centimes for each day of unemployment for which benefit is paid by them. The total amount calculated on these two bases shall not in any case exceed 20 per cent. of the contributions unless special authorisation is obtained from the Permanent Board of unemployment societies ”.

Societies which maintain an auxiliary unemployment insurance fund may charge it with a maximum of 15 per cent. of the contributions paid by members to cover the cost of management. It may be noted that a circular issued by the Minister on 11 May 1931 authorised the charging of management expenses up to 30 per cent. of the contributions as a temporary measure, a fact tending to show that the cost of administration exceeded the 20 per cent. formerly fixed. The State subsidy of 66 per cent. of the contributions must, however, be added to the normal resources available to the societies for covering their expenses, thus considerably reducing the real proportion of administrative costs to their total revenue.

## APPENDIX

### ADMINISTRATION OF UNEMPLOYMENT INSURANCE

#### Austria

<i>Scheme</i>	Compulsory.
<i>Central administration</i>	Ministry of Social Administration.
<i>Functions</i>	The Ministry gives individual instructions to the district industrial commissions and co-ordinates and supervises their activity.
<i>Regional administration</i>	Eleven joint district industrial commissions carry out the actual work of administering unemployment insurance and employment exchanges in their respective districts.
<i>Local administration</i>	By the local employment exchanges. In communes with less than 5,000 inhabitants the local authorities act as unemployment offices and as insurance organs.
<i>Collection of contributions</i>	Collected by the sickness insurance institutions at the same time as sickness insurance contributions and handed over to the Federal Treasury.
<i>Payment of benefit</i>	By public administrative funds appointed as paying offices by unemployment offices or by the communes.
<i>Disputes</i>	Three instances: (1) joint arbitration commission, (2) district industrial commission, (3) Ministry of Social Administration.

#### Belgium

<i>Scheme</i>	Voluntary.
<i>Basic organisation</i>	(a) <i>Mutual benefit societies</i> , usually trade union funds, approved by the Ministry of Industry, Labour and Social Welfare and subsidised by the Government through the National Emergency Fund:

- (1) central societies with local branches controlled by different unemployment funds.
- (2) self-governing societies, usually local trade union organisations controlled by a single unemployment fund,
- (3) supplementary societies intended to supplement the benefits of the other funds,
- (4) a single public society formed by the amalgamation of a number of small societies for non-union labour.

The societies are administered by their own committees.

(b) *Unemployment funds of communes and federations of communes.*

*Central administration*

National Emergency Fund, administered by a Governing Body the membership of which includes, among others, three employers' representatives and three workers' representatives.

*Collection of contributions*

By the funds, at their discretion.

*Payment of benefit*

By the funds, at their discretion.

*Disputes*

Disputes are decided in the first place by the joint Appeal Boards, and an appeal may be made to the Governing Body of the National Emergency Fund.

## Bulgaria

*Scheme*

Compulsory.

*Central administration*

Ministry of Commerce, Industry and Labour (Labour Department).

*Functions*

Management and supervision of subordinate organs.

*Local administration*

Carried out by the bodies in charge of placing work, i.e. employment offices, local employment exchanges and unemployment offices, or, where none exist, the municipalities.

*Collection of contributions*

*Payment of benefit*

*Disputes*

Appeal against decisions on the reports of the employment exchanges respecting contraventions of the Act may be made to the competent administrative court through the Ministry within one month of the date of the decision.

## Czechoslovakia

*Scheme*

Voluntary.

*Basic organisation*

Trade union funds, which are bound to grant membership to any worker in the occupation concerned willing to pay the contribution.

*Central administration*

Ministry of Social Welfare.

*Functions*

Considers applications of trade unions for State subsidies. Supervises the operations of the funds in receipt of the State supplement in conjunction with the Ministry of Finance.

*Collection of contributions*

By the funds, at their discretion.

*Payment of benefit*

By the funds.

*Disputes*

Settled at the discretion of the funds. There are no special authorities of appeal.

## Denmark

<i>Scheme</i>	Voluntary.
<i>Responsible authority</i>	Ministry of the Interior.
<i>Basic organisation</i>	Approved occupational or inter-occupational funds. Workers in different occupations may unite to set up a national fund.
<i>Central administration</i>	The Directorate of Employment Exchanges and Unemployment Insurance in the Ministry of the Interior. The Employment Committee comprising an unemployment insurance section (ten members, of whom six are elected representatives of the unemployment funds). Acts as advisory body to the State supervisory authorities.
<i>Collection of contributions</i>	At the discretion of the funds.
<i>Payment of benefit</i>	At the discretion of the funds.
<i>Disputes</i>	Successive instances: Director of Employment Exchanges and Unemployment Insurance, Employment Committee, Minister of the Interior.

## France

### A. — INSURANCE

<i>Scheme</i>	Voluntary.
<i>Basic organisation</i>	Approved subsidised funds. Trade union and mutual benefit society funds.
<i>Central administration</i>	Ministry of Labour and Social Welfare assisted by the Unemployment Fund Commission, which is responsible for distributing the budgetary credits among the various funds and for expressing an opinion on the rate of the State subsidies. It includes Members of Parliament, high officials and five representatives of unemployment funds.
<i>Collection of contributions</i>	At the discretion of the funds.
<i>Payment of benefit</i>	Benefit paid in cash by the unemployment fund or its deputy.
<i>Disputes</i>	Appeals lodged by members of the funds are considered by the committee of the fund concerned. The Unemployment Fund Commission decides appeals from the unemployment funds respecting the State subsidy.

### B. — RELIEF

<i>Basic organisation</i>	Funds of communes, federations of communes and departments. Membership of departmental funds is not compulsory for all the communes in the Department concerned. Each fund has a supervisory committee on which employers and workers are jointly represented. This may be the governing body of the public employment exchange for the district in which the fund has its headquarters; in any case the committee must keep in constant touch with the public employment exchange of the town or department concerned. There are special unemployment funds for dockers and for short time workers.
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*Central administration*

Ministry of Labour and Social Welfare which examines and approves the rules of the funds, decides as to the grant of subsidies, etc.

*Disputes*

The joint supervisory committee of each fund receives the complaints of any unemployed person against a decision of the fund which concerns him personally, and decides whether the claimant is entitled to benefit or whether benefit should be suspended or withheld altogether. There is no appeal against the decision of these committees. The joint administrative committee of the employment exchange in the locality where the fund is situated may act as the joint supervisory committee of the fund.

### Germany

*Scheme*

Compulsory.

*Responsible authority*

Federal Minister of Labour.

*Central administration*

The Federal Institution for Employment Exchanges and Unemployment Insurance, a self-governing body with legal personality (President and vice-president appointed by the Federal President). The Executive of the Federal Institution, comprising the President of the Institution and fifteen members representing employers, workers and public bodies.

(a) *Organs*

The Governing Body of the Institution comprising forty members; the president of the Institution and an equal number of representatives of workers, employers and public authorities.

(b) *Functions*

Administrative staff.

The President of the Institution acts as head of the whole organisation.

The Governing Body draws up the rules of the Institution and issues general instructions.

The Executive conducts the business of the Institution and issues instructions to the State employment offices. Under a Decree of 21 March 1932 members of the Executive will in future be chosen from among members of the Governing Body.

*Regional administration*

State Employment Offices (*Landesarbeitsämter*), thirteen in number, each having a committee of management consisting of seven members representing employers, workers and regional authorities and presided over by the chairman of the Office.

*Functions*

Collection and distribution of moneys for insurance and emergency relief and issue of instructions to the local employment offices.

*Local administration*

Local employment offices (*Arbeitsämter*), each of which has a committee of management consisting of not more than five members, constituted in the same way as the committees of management of the State employment offices and presided over by the chairman of the local employment office.

*Collection of contributions*

Contributions of employers and insured persons paid in advance by the employers to the sickness insurance funds at the same time as sickness insurance contributions. No insurance cards or contribution stamps.

<i>Payment of benefit</i>	Paid out weekly as soon as due to the beneficiaries in person through 3,000 funds administered by the Institution.
<i>Disputes</i>	Three instances; local employment offices, State employment offices and the Federal Insurance Office. In each case decisions are taken by a judgment committee, chamber or commission including an employers' and workers' representative.

### Great Britain

<i>Scheme</i>	Compulsory.
<i>Responsible authority</i>	Ministry of Labour.
<i>Central administration</i>	Administered by four departments of the Ministry of Labour: (1) Unemployment Insurance Department, (2) Transitional Payments Department, (3) Employment and Training Department, (4) Finance Department.
(a) <i>Organs</i>	Administrative staff: insurance officers.
(b) <i>Functions</i>	The various services of the Ministry of Labour direct the whole organisation. The insurance officers, who are not subject to the direction of the Minister in exercising their statutory functions, admit straightforward claims, and refer doubtful claims to the Courts of Referees.
<i>Regional and local administration</i>	By the employment exchanges and their branches, which are divided into seven geographical divisions, each with a Divisional Office which controls the exchanges. Each employment exchange or branch employment office has one or more insurance officers appointed by the Minister of Labour.
<i>Collection of contributions</i>	By means of "unemployment insurance stamps" sold at post offices and affixed by the employer on a special annual card for each worker, usually weekly, but sometimes every three or six months.
<i>Payment of benefit</i>	Weekly, by the employment exchanges and branch employment offices. In special cases certain trade unions may be authorised to pay out benefit.
<i>Disputes</i>	Two instances for appeal against the decisions of the local insurance officer: (1) local courts of referees (about 300 in Great Britain) consisting of a chairman, one employer and one worker; (2) a single Umpire appointed by the Crown, whose decision is final.

### Italy

<i>Scheme</i>	Compulsory.
<i>Responsible authority</i>	Ministry of Corporations.
<i>Central administration</i>	A National Social Insurance Institution, practically a self-governing body responsible for unemployment, invalidity and old-age insurance.
(a) <i>Organs</i>	The Governing Body of the National Social Insurance Institution.
	A special committee.
	A National Unemployment Fund.



(b) <i>Functions</i>	The special committee deals with ordinary administrative matters, and the Governing Body with general questions of administration. They administer the National Unemployment Fund jointly.
<i>Regional administration</i>	Provincial or interprovincial unemployment funds, under the supervision of the National Fund.
<i>Collection of contributions</i>	Contributions paid fortnightly by the employers with old-age and invalidity insurance contributions by means of contribution stamps sold at post offices. The proceeds of the sale of stamps are credited to the account of the National Fund with the Bank of Italy.
<i>Payment of benefit</i>	Fortnightly, by the provincial funds, various public and communal funds or by the post Office.
<i>Disputes</i>	Disputes are submitted to the local representatives of the insurance institution. Appeal may be made to the special national committee in matters concerning contributions and benefits. Appeal against the latter's decisions are finally settled by the Ministry of Corporations.

#### Netherlands

<i>Scheme</i>	Voluntary.
<i>Basic organisation</i>	Local or national trade union funds.
<i>Local administration</i>	The mayor of each commune exercises supervision over the local funds and other funds in respect of any of their members living in his commune.
<i>Central administration</i>	Unemployment Insurance and Employment Exchanges Department of the Ministry of Labour, Commerce and Industry assisted by an advisory committee of twelve members appointed every three years from among representatives of subsidised funds and representatives of the State and communes.
<i>Functions</i>	General supervision of funds. The advisory committee may submit proposals to the Ministry of Labour.
<i>Collection of contributions</i>	As fixed by the governing body of each fund.
<i>Payment of benefit</i>	At the discretion of the funds.
<i>Disputes</i>	Differences arising out of the payment of benefit between a fund and the unemployment department, a mayor, etc., are submitted to a special commission of three members chosen from among the members of the advisory committee and including its president.

#### Norway

<i>Scheme</i>	Voluntary.
<i>Responsible authority</i>	Ministry of Social Affairs.
<i>Basic organisation</i>	Trade union unemployment funds, which must also insure non-union labour in the trade concerned. Subject to the supervision of the local authorities or of a committee appointed by them, in respect of their rules and accounts.
<i>Central administration</i>	Department in the Ministry of Social Affairs, under the Inspector of Employment Exchanges and Unemployment Insurance.

<i>Functions</i>	Examines the quarterly accounts of unemployment benefit paid by the funds and their annual reports and statements of accounts.
<i>Collection of contributions</i>	Paid into the fund by the insured person, as a rule in cash but in some cases by means of contribution stamps.
<i>Payment of benefit</i>	By the funds at their discretion.
<i>Disputes</i>	The committee of management of each fund decides individual disputes. Appeal may be made to the Ministry of Social Affairs in respect of application for admission to a fund. The Ministry also settles disputes between funds and the local authorities or their representatives concerning the legality of the benefit paid.

## Poland

### A. — *Manual Workers*

<i>Scheme</i>	Compulsory.
<i>Responsible authority</i>	Ministry of Social Welfare.
<i>Central administration</i>	A single Unemployment Fund administered by a Central Executive. The Unemployment Fund is invested with legal personality. The Executive consists of a chairman and two high officials appointed by the Minister, one representative of the Minister of Finance, six workers' representatives, four representatives of local authorities.
<i>Functions</i>	<p>(a) Administration of insurance moneys.</p> <p>(b) Proposals respecting alterations in the rates of contribution and benefit under section 9 of the Act.</p> <p>(c) Supervision of subordinate bodies.</p> <p>(d) Exercise of functions connected with the administration of the Act.</p>
<i>Local administration</i>	Local executives at the headquarters of the public employment exchanges consisting of (1) the manager of the public employment exchange as chairman, (2) three workers' representatives, (3) two employers' representatives, (4) two representatives of the local authorities.
<i>Functions</i>	<p>(a) Collection of contributions on behalf of the Unemployment Fund, payment of benefit and fixing of the rate of benefit according to the insured person's earnings, and other similar functions.</p> <p>(b) Registration and supervision of unemployed persons applying for benefit.</p> <p>(c) Any functions assigned by the Central Executive.</p>
<i>Collection of contributions</i>	By the local executives and in certain cases by the communes or by social organisations of a public character.
<i>Distribution of benefit</i>	By the local executives and in certain cases by the communes or by social organisations of a public character.
<i>Disputes</i>	The insured person can appeal against a decision of the local executive within eight days to the local appeal board at the headquarters of the local executive. The latter consists of a chairman appointed by the Minister of Labour, a workers' representative and an employers' representative.

The final decision must be given within fourteen days. The Minister may, on the recommendation of the central executive of the Unemployment Fund, quash the decision of the local appeal board if it appears that (1) there has been an obvious breach or misinterpretation of the law, (2) there has been a breach of the regulations for procedure, or (3) the local appeal board has exceeded its powers.

With regard to the obligations of employers, the local executives of the Unemployment Fund decide in the first place, but an appeal may be made to the Central Administration, and from it to the Supreme Administrative Court, which is the court of final appeal.

## B. — *Non-Manual Workers*

*Scheme*  
*Responsible authority*  
*Central administration*

Compulsory.  
Ministry of Social Welfare.  
Union of insurance offices for non-manual workers.  
The governing body is composed of 22 members, of whom 10 are elected by the insured persons, 6 by the employers, and 6 are appointed by the Minister.

*Local administration*

The employment exchanges, or in places where no such exchanges exist, the sickness insurance funds or the communes.

*Collection of contributions*

Contributions are paid directly to the insurance offices at the same time as the contributions to pension insurance.

*Distribution of benefit*  
*Disputes*

By the sickness insurance funds.  
Pending the creation of special tribunals, the competent authorities vary according to the *voivode*.

## Queensland (Australia)

*Scheme*  
*Responsible authority*  
*Central administration*

Compulsory.  
The Secretary for Public Works.  
The Director of Labour.  
An Unemployment Council, consisting of (1) the Secretary for Public Works as chairman, (2) the Registrar of Friendly Societies, (3) one workers' representative, (4) one employers' representative, (5) the Director of Labour. The workers' and employers' representatives are elected by the executive organs of their respective organisations.

*Functions*

The Director of Labour administers the Unemployment Insurance Fund. The Unemployment Council considers the execution of works for the relief of unemployment and issues various regulations respecting such matters.

*Disputes*

All disputes concerning the right to sustenance allowance are referred by the Secretary for Public Works to the Unemployment Council for a final and conclusive decision.

## Switzerland

*Scheme*

Voluntary as regards the Confederation as a whole, compulsory in twelve cantons, faculty

of introducing compulsory insurance left to communes in seven cantons. Voluntary insurance elsewhere.

*Basic organisation*

Three kinds of fund subsidised by the Confederation: (1) occupational or trade union funds each administered by a committee elected by the general meeting; (2) joint funds for separate industries, branches of commerce or factories, administered jointly by employers and workers (these two kinds of funds together covered 80 per cent. of the insured persons on 30 September 1930); (3) public funds for cantons or communes.

*Central administration  
Functions*

Federal Labour Office.

Approval of funds, annual examination of their accounts. May have their books audited at any time or delegate this duty to the cantons.

*Collection of contributions*

Trade union funds: at their discretion. Occupational funds: by means of contribution stamps sold by the funds or the post office, or by cash payments. Joint funds: workers' contributions deducted from wages.

*Payment of benefit*

Usually at the headquarters of the unemployment fund, but may be authorised elsewhere if the beneficiary has changed his domicile for a valid reason, provided that the necessary formalities for verifying unemployment and procuring employment can be effected in the new district.

*Disputes*

The rules of occupational, joint and public funds contain provisions for the settlement of disputes arising between the funds and their members. Federal legislation provides that after the Federal Labour Office the authorities competent to hear appeals shall be the Department of Public Economy and in special cases the Federal Council as a whole.

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## CHAPTER VII

### TREATMENT OF FOREIGNERS

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#### § 1. — The Washington Convention

The position of foreigners with regard to unemployment benefits is dealt with in Article 3 of the Washington Convention concerning unemployment.

"The Members of the International Labour Organisation which ratify this Convention and which have established systems of insurance against unemployment shall, upon terms being agreed between the Members concerned, make arrangements whereby workers belonging to one Member and working in the territory of another shall be admitted to the same rates of benefit of such insurance as those which obtain for the workers belonging to the latter."

This text shows that, so far as unemployment insurance is concerned, the International Labour Conference has established the principle of equality of treatment for foreigners and nationals, though without excluding the idea of a certain reciprocity between the contracting States. Furthermore, the Convention contemplated negotiations between the States, since it refers to "terms being agreed between the Members concerned".

The International Convention of 1919 was preceded by studies which were based, if not entirely yet at least mainly, on the idea of reciprocity of treatment. Thus, the Organising Committee of the Washington Conference expressed the opinion in a preliminary report that between States possessing systems of unemployment insurance there should be reciprocity for unemployed emigrant workers<sup>1</sup>. Similarly, at the sitting of 25 November 1919, the Reporter, Mr. Max Lazard, spoke of Article 3 of the Draft Convention as an Article on reciprocity in the matter of insurance<sup>2</sup>.

It should, however, be noted that the term "reciprocity" is not mentioned in the Convention, and that the idea enters into it

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<sup>1</sup> INTERNATIONAL LABOUR CONFERENCE: *First Session, Washington, 1919*, p. 239.

<sup>2</sup> *Ibid.*, p. 134.

only indirectly, in consequence of the fact that the application of Article 3 is expressly limited to " the States which ratify the Convention " and of the stipulation that arrangements for securing equality of treatment shall be made " upon terms agreed between the Members concerned ". In its final form this stipulation thus leaves the States the power to insist on reciprocity of treatment from country to country, but in no way imposes such reciprocity on them as a necessary obligation or condition.

In brief, it may be said that under Article 3 of the 1919 Convention reciprocity is only one of the methods that can be used, but that the object in view is to ensure that " workers belonging to one Member and working in the territory of another shall be admitted *to the same rates of benefit of such insurance* as those which obtain for the workers belonging to the latter ".

Similarly, as to the function of bilateral agreements in regulating the situation of immigrant workers in respect of unemployment benefit in practice, a certain difference can be noted between the text of the 1919 Convention and the preliminary studies. In its report the Organising Committee of the Washington Conference considered " that there should be agreements between States possessing systems of unemployment insurance ", and the Reporter of the Unemployment Committee, Mr. Max Lazard, stated on 25 November at the Conference that foreign workers coming from a country with unemployment insurance should be entitled in the country where they work, " subject to special Conventions with the States concerned ", to equality with nationals in respect of benefits. A comparison of these statements with the text of the Convention adopted shows that the formula decided on ( " upon terms agreed between the Members concerned " ) is definitely more flexible, and does not provide explicitly for formal agreements or special Conventions, but rather for an exchange of views between the States concerned.

As a matter of fact, the measures taken in different States since 1919 to regulate the treatment of foreigners in the matter of unemployment benefit have as a whole accepted on these two points the wide and simple solutions for which the 1919 Convention provides.

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At a time when unemployment benefit schemes were still under consideration in most countries the relative latitude thus allowed the States concerning either the methods or the detailed appli-

cation of a settlement of the question of the treatment of foreigners seems to have facilitated in many cases the adoption of legislation or the negotiation of agreements. The development of such benefit schemes during the last few years, however, shows the question in a new light. As will appear from the following pages, besides the cases in which the problem of the treatment of unemployed foreigners seems to have been practically settled to the satisfaction of the parties and in accordance with the rights of migrant workers, there are others where omissions have been found, and certain States have drawn attention to the fact that equality is far from having been realised either in law or in fact.

Considerations of this kind have been put forward, for instance, at the International Labour Conference and its Committee for considering the reports submitted in pursuance of Article 408 of the Treaty of Versailles. In the report prepared by the Committee for the Sixteenth Session of the Conference in 1932, in particular, it expressed the opinion that Article 3 of the Convention on Unemployment had not been applied satisfactorily, considering that out of 276 agreements possible only a very small number had been reported to the Office. According to the same report:

“Several members of the Committee maintained that the words ‘upon terms agreed upon’, which merely referred to the modalities of an agreement which was mandatory, were being abused so as to cover territorial limitations not envisaged in the Article or restrictive conditions which made agreement impossible and thus rendered the article nugatory. Thus Great Britain has made with Switzerland an arrangement which excludes from its operation that part of the territory of the United Kingdom which is known as Northern Ireland. Again, it was asserted that agreement between Great Britain and the Irish Free State was made impossible, because Great Britain allows the subordinate legislature of Northern Ireland to impose a three years’ residential qualification which is incompatible with equality of treatment; and in the absence of reciprocal agreement, employers and workers are required to pay contributions from which workmen employed in a State other than their own cannot derive benefit. It was also complained that countries into which workers immigrate are reluctant to make a reciprocal arrangement with the country of origin of these workers. In spite of these arguments and instances, other members of the Committee held that territorial and other restrictions were allowable and that the obligation of the article was satisfied simply by initiating negotiations. It was therefore decided to refer the matter to the Governing Body and to the next Session of the Conference which will be dealing with unemployment insurance.”

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Before discussing the contractual measures of an international kind, a brief survey should first be given of the situation of foreigners under the laws and regulations of different countries. For the international measures are in fact only a superstructure built up on the national schemes. Furthermore, in order properly to

appreciate the importance of bilateral agreements, some knowledge of the laws and regulations of the countries concerned is needed, and in particular of the extent to which they apply to foreigners. An account will therefore first be given of the national measures affecting foreigners, which will be followed by a discussion of the various bilateral agreements.

## § 2. — National Regulations

The first point to note is that, even where equality of treatment prevails, the proportion of foreigners excluded from an unemployment benefit scheme is often much higher than that of nationals, owing to the fact that many immigrants belong to occupations (agriculture, domestic service, seasonal trades, and others) which are not covered by the scheme. Furthermore, except in the case of permanent or settled immigrants, it is often more difficult for foreigners than for nationals to satisfy the conditions of residence on which the granting of unemployment benefit depends.

Other general factors may affect the situation of immigrants in the matter of unemployment benefit. Thus, a State may, in a period of depression, deport unemployed foreign workers, who are thus unable to receive the unemployment allowances and benefits granted in the State in question. As a remedy, several emigration countries have recognised the need of facilitating the admission of their expatriated nationals to their unemployment insurance or relief funds when returning to their country of origin. The problem of the treatment of unemployed foreigners obviously raises an important question as to whether the measures adopted on this subject imply the right of the unemployed person not to be deported from the country in which he is a foreigner before having received the unemployment benefits which are recognised as a right. No question arises with regard to a deportation order decided upon for police reasons which are not concerned with the question of lack of work.

From the legal standpoint, the national regulations can be classified according to three main principles for the regulation of the situation of foreign workers with regard to unemployment benefit, according as they adopt equality of treatment, complete or partial; conditional equality (in particular, subject to reciprocity); or, finally, complete or partial exclusion.



## EQUALITY OF TREATMENT

In many countries the law is tending towards equality of treatment in the matter of unemployment benefit, though the methods vary. This tendency may be explained on grounds of principle as well as on practical grounds. Among the latter, it may be mentioned that this equality has seemed to offer the simplest solution of the problem of the treatment of unemployed persons as well as the one most in harmony with the aims of unemployment benefit schemes. The adoption of equality of treatment makes it possible to avoid the complications and difficulties inherent in certain international negotiations and to settle a series of delicate points: if foreign workers are treated in the same way as nationals, no question arises as to whether they should contribute financially to the unemployment benefit scheme and draw benefit, and, if so, on what basis. The funds and other institutions, therefore, do not have to keep separate accounts, exercise separate supervision, and enquire into the nationality and legal rights of the individual worker concerned.

In some cases the adoption or extension of equality of treatment has been a natural consequence of the evolution of unemployment benefit schemes.

In *Great Britain*, for instance, after the adoption of the 1920 Act, a distinction was drawn between covenanted benefits—i.e. paid on the basis of the insured person's contributions—and uncovenanted benefits—i.e. allowances granted without relation to contributions; and foreigners were entitled only to the former. At the beginning of 1922 the only foreigners entitled to uncovenanted benefit were women of British origin married to foreigners. Subsequently the same right was recognised in the case of foreigners having served in the British army, and then of those continuously resident in Great Britain since 1 January 1911. But the 1924 Act abolished the distinction between covenanted and uncovenanted benefits, with the result that there is now complete equality of treatment in Great Britain as regards unemployment benefits.

Equality of treatment may be complete or partial, and may exist in fact or in law. The classification is indeed more of a practical than of an absolute character, for even where the law in force appears to provide for complete equality, it is not impossible for foreigners to be excluded from certain forms of special relief. This applies in particular to certain purely temporary or local measures of assistance applied by the central or regional public authorities or by industrial and other organisations which aim chiefly at distributing relief in kind or are organised with the assistance of these bodies in the form of semi-official collections. Finally, the permanent schemes

of poor relief are open to foreigners only on certain conditions and in virtue of special treaties, which are different from the agreements on the treatment of the unemployed.

According to the current conception of *complete* equality of treatment, this may be said to exist when the regulations in question use the terms "workers" or "unemployed workers" without any qualification as to the nationality of the persons concerned, and without any restrictive or conditional clause.

The laws of *Denmark*, *Great Britain*, *Northern Ireland*, the *Irish Free State* and the *Netherlands* apply indifferently to all workers belonging to the occupations they cover. In *Finland*, according to the Order of 2 November 1917, foreign workers belonging to a State-subsidised unemployment fund have the same rights as nationals.

In certain countries the regulations provide explicitly for equality of treatment.

In *Italy* the Decree of 19 October 1919 (section 25) states that foreign workers are covered by compulsory unemployment insurance schemes, and are entitled to the same benefits as national workers. This provision was incorporated in section 1 of the Royal Decree of 30 December 1923, which reorganised the unemployment insurance system. In *Norway*, according to the Act of 6 August 1915, the State pays subsidies to the unemployment funds in respect of the benefits they grant to their Norwegian and foreign members.

In other countries equality of treatment between nationals and foreigners in this matter is based on a system that allows of a certain differentiation between the rights of foreigners according to nationality.

In *France* the regulations concerning voluntary insurance funds and public unemployment funds in no case refer to the nationality of the workers concerned, and the funds are not under an obligation to exclude foreigners. But only nationals of countries with which France has concluded agreements for the purpose are entitled by law to benefit by the State subsidy to these funds.

The above provisions have been mentioned from the strictly legal point of view, and it is not claimed that in those countries which provide for "complete" equality of treatment unemployed foreign workers automatically receive greater protection in fact than that which they might have obtained in other countries where the principle of "complete" equality is not established by law, or is replaced by that of reciprocity. For the principle of equality of treatment in itself does not exclude the possibility of certain general conditions applicable indifferently to nationals and foreigners, which are sometimes difficult for the latter to fulfil.

In this respect the example may be given of *Northern Ireland*, where the Unemployment Insurance Act of 1928 (section 5) provides that any person claiming unemployment benefit must have been resident in the United

Kingdom for a period of three years immediately preceding the date on which application for benefit is made. Incidentally, this restriction has been the subject of discussion at the International Labour Conference since 1925, for the delegates of the Irish Free State consider that it in fact discriminates against workers from that State who emigrate to Northern Ireland. The resulting inequality and lack of agreement between the two States, they hold, are incompatible with Article 3 of the Washington Convention concerning unemployment, but this was not agreed to by the Delegation from Great Britain.

In *Belgium* the question of the treatment of foreigners in respect of the qualifying period was dealt with in a circular of the Minister of Labour of 12 December 1924. According to this circular, the stipulation of the Royal Order of 25 October 1930 (section 6), under which an insured person who has completed the specified qualifying period of one year for an approved society may be exempted from a further qualifying period for obtaining benefits financed by the society itself should the rules of the society authorise such exemption, has been interpreted as applicable to foreigners covered by agreements concluded for the purpose between Belgian and foreign societies. The privilege is subject, however, to the condition that the agreement in question and the rules of the Belgian and foreign societies concerned have been approved by the Permanent Board of societies for insurance against involuntary unemployment. The authorities are responsible for seeing that the rights granted in Belgium to members of foreign funds are counterbalanced by the rights granted abroad to insured Belgians.

In *Denmark* the Act of 1 July 1927 (section 16) provides that no person can claim unemployment benefit who has not been a member of a fund during the 12 months immediately preceding the date of payment of the benefit, and who has not paid the regular member's contributions. Agreements have, however, been concluded between the funds concerned with a view to allowing exceptions to this clause on behalf of unemployed foreigners.

In *Norway* the Act of 6 August 1915 makes the granting of State subsidies to unemployment funds conditional on the unemployed worker's having lived in Norway during the two preceding years. The strictness with which the principle of equality of treatment is thus conceived is moderated in Norway by the provision of exceptions to this residential clause, which can be allowed on the basis of reciprocity.

Finally, in the *Netherlands* the rules of the unemployment funds do not prevent foreigners who live in the country from belonging to the funds, but the funds have full discretion to authorise or refuse their admission.

As regards *partial* equality of treatment, this term may be taken to cover the regulations of certain States where foreigners are on a footing of equality with nationals only in respect of part of the unemployment benefit scheme, while for other parts of the scheme a different principle holds good.

In *Austria* the provisions of the Unemployment Insurance Act make no difference between nationals and foreigners in respect of unemployment insurance (Consolidated Act of August 1929).

In *Belgium*, foreign workers belonging to a Belgian insurance society set up by the State receive the same benefits under the rules as those granted to Belgian nationals.

In *Germany*, foreigners and persons without nationality are automatically treated in the same way as nationals as regards standard benefit (Act of 16 July 1927).

It should be observed that for all the countries mentioned above the principle of equality of treatment is recognised in respect of

the first benefit period. This is all the more easy to explain in that during this period the benefits paid to the unemployed very largely form a counterpart to their contributions to the insurance institution. Although in the past there may have been cases in which foreign workers had to pay contributions to an unemployment insurance scheme without having an absolute right to benefit, such anomalies have in general disappeared, and it seems that the principle in virtue of which the payment of insurance contributions gives a right to corresponding benefits is no longer open to question.

In this connection it may be mentioned that in *Denmark* the Act of 1 July 1927 (section 15) even provides that the Minister of the Interior may require the funds to pay benefit to foreign unemployed persons in accordance with their rules.

### CONDITIONAL EQUALITY

The principal condition to which the equality of treatment for foreign workers in respect of the payment of unemployment benefit may be made subject is reciprocity. In this case a State reserves equality of treatment for the nationals of other States which grant the same equality to its nationals.

The principle of reciprocity has won fairly wide acceptance in unemployment benefit laws. In practice, however, its importance should not be exaggerated, and the frequency of regulations providing for reciprocity may be explained not only because, as shown above, it is not incompatible with the terms of the Washington Convention, but further because in several States the object has been to strengthen the Government in any negotiations with other States in the matter of benefits for its nationals working in their territory. The result is that reciprocity clauses are often more formal and technical in nature than practical. There is one case in particular in which their absolute application would prove impossible. It is that of persons without nationality or who have lost their nationality, such as refugees, who, since they are no longer covered in fact or in law by the Government of a particular country, become automatically excluded by a reciprocity clause. Some States have therefore recognised the need of allowing a special exception in the case of these persons when they become unemployed.

In *Bulgaria* the only foreigners insured by the State against unemployment are Russian and Armenian citizens with Nansen passports.

In *Germany* the Act of 16 July 1927 (section 101) instructed the Federal Minister of Labour to determine whether emergency benefit should be granted to persons without nationality. In virtue of an Order of 19 February 1929, these persons are entitled to such benefit.

Furthermore, as shown above<sup>1</sup>, there are cases, especially in respect of the qualifying period, in which several countries (Belgium, Denmark, Norway) have provided for facilities on the basis of reciprocity that tend to attenuate the serious consequences for foreigners of a strict application of the principle of equality of treatment.

The condition of reciprocity is not often laid down imperatively in the regulations in force, and, if it is, the competent authorities are usually left to decide whether the treatment given to emigrant nationals in a particular country should be considered as satisfying the condition of reciprocity.

In *Czechoslovakia*, under the Act of 19 July 1921 (section 1) nationals of a foreign State may receive the State supplement to unemployment benefit under the same conditions as Czechoslovak nationals, provided, however, that the State in question has similar institutions and guarantees reciprocity of treatment for Czechoslovak nationals.

In *France*, as shown above, only nationals of countries with which France has concluded agreements for the purpose are entitled by law to benefit from the unemployment funds. There is no provision, however, obliging such funds to exclude foreigners, and, in fact, many nationals of States that are in no way bound by a reciprocity agreement with France have received unemployment allowances or relief during recent periods of depression.

In most other countries the reciprocity formula is not so categorical, and leaves a wider margin for the discretion of the competent authorities.

In *Austria* the Act of 3 October 1931, which provided for relief for necessitous unemployed workers during the period 1 December 1931 to 31 March 1932, stipulated that this relief should be payable only to Austrian nationals except in the case of reciprocity.

In *Belgium*, when an insured foreigner has exhausted his right to benefit under the rules of the unemployment insurance society, he becomes entitled to the family allowances and extended benefit granted by the National Emergency Fund only if his country of origin grants reciprocity to Belgian nationals in its territory. For this purpose the authorities draw up a list of countries which can be considered as entitled to benefit by this reciprocity.

In *Bulgaria* the Unemployment Insurance Act of 12 April 1925 (section 31) provides that wage-earning and salaried employees of foreign nationality shall be deemed to be liable to unemployment insurance if their country of origin grants the same rights and approximately the same rates of benefits to Bulgarian nationals.

In *Germany*, according to the provisions for emergency relief (*Krisenunterstützung*) contained in section 101 of the Act of 16 July 1927, foreigners can claim emergency benefit only if the country to which they belong grants equivalent relief to unemployed Germans, the Federal Ministry of Labour being responsible for ascertaining whether this is the case.

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<sup>1</sup> Cf. p. 258.

In *Portugal*, under the Decree of 16 May 1932, foreigners are admitted to benefit from the Unemployment Relief Fund only on condition of reciprocity and of residence in Portugal for over three years.

In *Spain*, according to the Decree of 25 May 1931 (section 3), foreign workers are entitled to benefit from the National Fund in virtue of the principle of reciprocity established by Article 3 of the Washington Convention.

In *Yugoslavia* the Regulations of 26 November 1927 (section 17) grant equality of treatment to foreign workers in respect of unemployment relief, on condition of reciprocity.

Another condition, which is often more elastic than that of reciprocity, is that under which a law or regulation merely leaves it to the competent administrative authority to grant or refuse equality of treatment to the workers of a particular foreign State according as it considers that the treatment given by that State to nationals of the first justifies the granting or refusal of such equality for the workers in question. The reciprocity clause thus loses any imperative character and becomes, so to speak, optional.

In some cases the authorities have power to decide whether foreigners shall be admitted to unemployment benefit.

In *Luxemburg* the Grand Ducal Order of 6 August 1921 (section 1) provides that foreign workers may, so far as unemployment benefits are concerned, be treated in the same way as Luxemburg workers. In practice, moreover, Luxemburg treats national and foreign workers who are involuntarily unemployed on a footing of equality if the country of origin provides for similar treatment for Luxemburg workers in such a situation.

In other cases the law, after admitting the principle of equality of treatment for all foreigners, merely empowers the competent administrative authority to refuse such equality, completely or partially, in the case of workers of a particular nationality.

The *Austrian* Act on emergency relief (*Notstandsaußhilfe*), the cost of which is shared equally between the public authorities and the persons concerned, has adopted a composite formula. The relief in question is in principle granted only to Austrians and nationals of those States which grant similar relief and ensure that in this respect Austrians receive the same treatment as that given to their nationals. It is further provided that where a State grants more favourable treatment to its own nationals than to Austrian nationals domiciled in that State, an Order may be issued providing that the treatment of nationals of the State in question in Austria shall be to the same extent less favourable than the treatment of Austrians.

In *Poland* foreign workers are covered under the Act of 6 July 1923 by the same labour laws and regulations as national workers. The Act thus lays down the principle of equality and applies it in respect of social insurance to the nationals of all countries. The Council of Ministers is empowered, however, if a country restricts the rights of Polish workers, to issue regulations for a corresponding restriction of the rights of nationals of the said country in Poland. On the other hand, an Order of the Minister of Social Welfare of 25 September 1924 provides explicitly that foreign workers whose contract has been terminated are entitled to the unemployment benefits laid down in the laws and regulations.

Section 11 of the *Swiss* Federal Act of 17 October 1924 concerning unemployment insurance subsidies provides that the Federal Council may refuse or reduce the subsidies in the case of foreigners belonging to a State that does

not grant equality of treatment to unemployed workers of Swiss nationality or does not enforce equivalent measures against unemployment. A similar restriction was inserted in the Federal Order of 23 December 1931 (section 8) concerning the emergency allowances granted in certain cases to unemployed workers who have exhausted their right to benefit. Subject to this restriction the Federal Order of 15 February 1932 provides that the cantons may grant foreigners settled in Switzerland the temporary emergency benefit for insured workers in the watchmaking industry who have exhausted their right to standard insurance benefit. It is provided that nationals of foreign States with which Switzerland concludes a Convention on the granting of emergency allowances will be covered by such Convention, but up to 12 October 1932 Switzerland had not yet concluded any Convention of this kind. Similar measures have been taken for the assistance of unemployed workers of the same category in other industries.

Finally, the laws and regulations that establish the principle of reciprocity sometimes contain subsidiary provisions which markedly reduce the effects of this restrictive principle.

In *Spain* the Decree of 25 May 1931 states that for foreign workers from Andorra, Portugal, the Republics of Latin America and Brazil, reciprocity will always be considered to exist.

In *Switzerland* the nationals of any country that has ratified the Washington Convention on unemployment are automatically treated on a footing of equality with nationals in the matter of unemployment insurance. As to nationals of other States, they enjoy the same equality provided only that they can show that there are no reasons to treat them differently.

It should be observed that in a certain number of countries, and in particular in Austria, Belgium and Germany, where the principle of reciprocity has been established in unemployment benefit legislation, the condition of reciprocity does not apply to the first benefit period, that is to say the period very largely representing a counterpart of the contributions paid by the insured persons. It is only for the extraordinary relief granted in extension of the first period that reciprocity is required. Besides those countries where "partial" reciprocity is thus provided, the laws of several other countries (Bulgaria, Czechoslovakia, Luxemburg, Poland, Spain, Switzerland and Yugoslavia) lay down the principle of "complete" reciprocity, that is to say, in respect of the payment of benefit to foreigners at any stage of their unemployment.

Even in those countries with complete reciprocity, this restrictive condition applies only to the State contributions to unemployment benefits and in no way affects the right of foreigners to insure in private institutions and acquire the same rights to benefits as insured nationals.

In *Czechoslovakia* the only restriction based on reciprocity to be found in the Act of 19 July 1921 (section 1) is that relating to the State supplements in respect of insured unemployed foreigners.

In *France* the right of foreigners to participate in voluntary insurance funds is in no way restricted by the Decree of 9 September 1905.

In *Norway*, according to the Acts of 1915, 1921 and 1922, foreigners are not entitled to the State subsidies during the prescribed qualifying period of two years in the absence of complete reciprocity recognised by the Government, but in virtue of agreements between national and foreign funds they can be in a position at any time to claim benefits from Norwegian unemployment insurance funds.

In *Switzerland* the reciprocity specified in section 11 of the Federal Act of 17 October 1924 relates only to Federal subsidies to the insurance funds, which are open to foreigners as well as to nationals.

Finally, in certain countries with highly developed unemployment benefit schemes the reports of the Governments submitted under Article 408 of the Treaty of Peace show that the conditions as to reciprocity inserted in their regulations have remained purely theoretical and that no use has yet been made of them. This is the case in particular in *Poland* (Act of 6 July 1923) and *Switzerland* (Federal Act of 17 October 1924 and Federal Order of 23 December 1931<sup>1</sup>).

On the other hand, as was shown above for equality of treatment, it has sometimes been considered expedient to confer explicitly on the competent administrative authorities definite powers enabling them to watch over the strict observance by the funds and other private institutions of their obligations towards those foreigners who are recognised as entitled to unemployment benefit in virtue of the principle of reciprocity.

In *Switzerland* the Federal Order of 9 July 1925 (section 20) provides that any international agreement concluded in the matter of equality of treatment under unemployment insurance is binding on all recognised funds.

It was shown above that the principle of equality of treatment, even when formulated without reservations, does not in practice automatically eliminate certain restrictions, especially as regards the claim to benefits, restrictions which in fact and in the majority of cases bear more heavily on foreign workers than on nationals. It should be noted that several countries have recognised that in order to improve the position of foreigners in respect of unemployment benefit the principle of absolute equality may be found insufficient and should be supplemented by arrangements or

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<sup>1</sup> According to a communication from the Federal Labour Office of 12 October 1932, while the Federal authorities in fact grant equality of treatment to foreigners of all nationalities, there is no uniform regulation concerning foreigners in connection with emergency assistance for the unemployed in the different Cantons which provide such assistance. While some Cantons grant equality of treatment in every case, others grant it only to certain nationalities, or only if there is actual reciprocity in force, or only to those who have resided or worked for a certain period in the Canton. One Canton makes a distinction between emergency assistance subsidised by the Confederation and other measures for the assistance of the unemployed which are financed entirely by the cantonal authorities themselves.



provisions resting on the idea of reciprocity. This has taken place in particular for the qualifying period and the conditions of residence, questions which are of special importance to any foreigner who is not a settled immigrant.

In *Denmark*, where the qualifying period during which contributions must be paid before a claim to benefit is allowed was fixed at twelve months by the Act of 4 March 1924, section 15 of the Act of 1 July 1927 provides that the rules of an unemployment fund may authorise it to conclude agreements with other associations, even abroad, with a view to the reciprocal granting of unemployment benefit to their members. It has thus been possible to make arrangements for allowing an exception to this qualifying period of one year in a Danish fund in the case of unemployed foreigners.

In *Norway* the Act of 6 August 1915 made the payment of unemployment benefit conditional on residence in the country during the two preceding years. The strictness of this regulation has been modified by the Acts of 30 June 1921 and 7 July 1922, which provide that the two years' residential clause shall not be an obstacle to the reimbursement by the State of half the unemployment benefit in cases where there are agreements in force between Norwegian and foreign unemployment funds concerning the payment of benefits on a basis of complete reciprocity, or where the King has concluded a Convention to that effect with a foreign State.

## EXCLUSION

At certain stages in the history of unemployment benefit schemes, there have been clauses providing for the formal exclusion of foreign workers of particular nationalities. In some cases the exclusion, instead of leaving these foreigners outside the scheme as regards both contributions and benefits, applied solely to the right to benefit, and the foreign workers were nevertheless required to pay contributions. This has been the situation, as will be shown below, of certain categories of seasonal or frontier zone immigrants.

The anomalies that such measures involve have been defended on the ground that it was necessary to submit foreigners and the employment of foreign labour to the same burdens as those borne by national workers and the employment of national labour. With the development of benefit schemes measures of this kind have been gradually abolished. They are no longer to be found in unemployment insurance schemes, except for a partial survival in certain clauses subordinating the right to benefit to the completion of a qualifying period or the fulfilment of a fairly long period of residence, which may mean that many workers after a temporary stay in a foreign country return home having regularly paid their contributions but without having been in a position to satisfy the conditions for receiving benefit.

It may be mentioned, however, that in *Queensland* (Australia) the legislation at present in force (Acts of 1922 to 1930) expressly stipulates in section 2

that for purposes of unemployment insurance the term "worker" does not include any aboriginal alien, native of Asia, Africa or the Pacific Islands.

In *Sweden*, according to the Royal Notification of 7 July 1922 concerning State subsidies to unemployment relief, the subsidy to communal or provincial unemployment relief may be granted only in respect of benefits paid to Swedish nationals; notwithstanding this clause, Sweden has concluded reciprocity agreements concerning unemployment benefit with various States.

Similarly in countries where unemployment benefit is financed by the State alone, there do not appear at present to be any provisions which expressly exclude foreigners. Nevertheless, where unemployed workers are not considered to have a specific right to benefit, immigrant workers are particularly exposed to the risk, if they lose their work, of being deported and thus deprived of unemployment benefit.

### § 3. — Bilateral Agreements

The above survey will have shown that whereas there are more or less marked differences between States in respect of their treatment of foreigners and nationals under national legislation, the existence of such legislation tends very greatly to limit the need of bilateral agreements on unemployment benefit.

There are in fact several countries where equality of treatment is stipulated by law with sufficient clearness and fullness to make it unnecessary to conclude bilateral agreements for immigrant workers in such countries, even though in certain cases technical arrangements may be required for regulating details of application. In other States the reciprocity clauses contained in national legislation are worded in such a way as to simplify negotiations between Governments, so that a mere exchange of views between the competent administrative authorities, sometimes followed by an exchange of notes or simple notifications, is sufficient for the full regulation of the situation of foreigners of a particular nationality in respect of unemployment benefit. There remain, however, certain countries, few though they are, where the granting of equality of treatment or reciprocity to foreigners is subject in law or in fact to the conclusion of diplomatic agreements.

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A list is given below, in alphabetical order of countries, of the bilateral agreements in force on which information is available. The list must be taken as illustrating the different forms of agree-

ment in the matter of unemployment benefit and must not be considered as complete.

### Austria

Austria-France: Labour Treaty signed on 27 May 1930, not yet ratified. Article 11: admission of Austrians in France to unemployment funds and public unemployment funds (relief funds) and of Frenchmen in Austria to standard unemployment insurance benefits.

Austria-Germany: Exchange of notes (29 June, 18 August 1921). Supplementary exchange of notes (18 February 1924; came into force on 3 March 1924): admission of Germans in Austria and Austrians in Germany to emergency unemployment relief. Exchange of notes (29 February 1928; came into force on 1 March 1928): complete equality of treatment in the matter of emergency relief (*Krisenunterstützung*) between nationals of one State and those of the other in the territory of the first; unemployment benefit for frontier zone workers.

Austria-Switzerland: Agreement (1923, came into force on 1 July 1924): equality of treatment in respect of unemployment insurance and unemployment relief.

### Belgium

Belgium-France: Labour Treaty (signed 24 December 1924 at Brussels, ratified on 10 February 1928). Article 7: subsidies to funds for mutual assistance against unemployment and assistance from public unemployment funds and from public institutions for relief work shall be granted in each State to nationals of the other State.

Belgium-Luxemburg: Labour Treaty (signed 20 October 1926). Article 7: admission of nationals of one of the two States to unemployment allowances granted by the other.

### Czechoslovakia

Czechoslovakia-Switzerland: Exchange of declarations (12 February and 20 March 1926): equality of treatment in the matter of unemployment insurance.

### Danzig

Danzig-Germany: Circular of the Federal Minister of Labour (31 January 1931): equality of treatment for persons from Danzig in Germany and for Germans in Danzig in respect of emergency relief.

### Denmark

Denmark-Sweden: Agreement (beginning of 1923): reciprocity of treatment for unemployed workers.

Denmark-Switzerland: Exchange of notes (28 September 1927, came into force 13 December 1927): equality of treatment for Danes in Switzerland and for Swiss citizens in Denmark in the matter of unemployment insurance.

### France

France-Austria (see above, Austria).

France-Belgium (see above, Belgium).

France-Italy: Labour Treaty (signed on 30 September 1919 at Rome, ratified on 17 May 1921): Article 11: subsidies to funds for mutual assistance against unemployment and assistance from public unemployment funds and from public institutions for relief work shall be granted in each State to nationals of the other State.

France-Poland: Convention concerning social assistance and welfare (signed on 14 October 1920, ratified in 1923); Article 5: subsidies to unemployment

funds, public unemployment funds and public institutions for relief work, shall be granted in each State to nationals of the other State.

France-Rumania: Labour Treaty (signed on 28 January 1930 at Buearest, not yet ratified); Article 11: equality of treatment for Rumanians in France and Frenchmen in Rumania in the matter of unemployment insurance and relief.

## Germany

Germany-Austria (see above, Austria).

Germany-Danzig (see above, Danzig).

Germany-Poland: Agreement (14 July 1927, came into force on 18 July 1927); equality of treatment for Poles in Germany in respect of unemployment insurance and emergency relief and for Germans in Poland in respect of unemployment insurance and State emergency relief. Agreement of 11 June 1931 (which has not been ratified) declares that the agreement of 14 July 1927 applies to non-manual workers.

Germany-Switzerland: Exchange of notes (in force since 1927): equality of treatment on condition of reciprocity in the matter of unemployment insurance. Arrangement (4 February 1927): unemployment benefit for frontier zone workers.

## Great Britain

Great Britain (England, Wales, and Scotland)-Switzerland: Exchange of notes (19 November 1929): equality of treatment in the matter of unemployment insurance.

## Irish Free State

Irish Free State-Switzerland: Exchange of declarations (November 1930): equality of treatment in the matter of unemployment insurance.

## Italy

Italy-France (see above, France).

Italy-Luxemburg: Labour Treaty (signed on 11 November 1920 at Luxemburg, not ratified); Section 7: equality of treatment in respect of unemployment benefit and relief works.

Italy-Switzerland: Exchange of declarations (9 September 1927): equality of treatment in the matter of unemployment insurance.

## Luxemburg

Luxemburg-Belgium (see above, Belgium).

Luxemburg-Italy (see above, Italy).

## Netherlands

Netherlands-Switzerland: Exchange of notes (April 1929): equality of treatment in the matter of unemployment insurance.

## Poland

Poland-France (see above, France).

Poland-Germany (see above, Germany).

Poland-Switzerland: Exchange of notes (1927): equality of treatment in the matter of unemployment insurance.

## Sweden

Sweden-Denmark (see above, Denmark).

## Switzerland

Switzerland-Austria  
Switzerland-Czechoslovakia  
Switzerland-Denmark  
Switzerland-Germany  
Switzerland-Great Britain  
Switzerland-Irish Free State  
Switzerland-Italy  
Switzerland-Netherlands  
Switzerland-Poland

See above under the respective countries.

The above list and the preceding account of national laws and regulations can give only a very small idea of the extent to which foreigners are admitted to unemployment benefits, and it would be necessary also to analyse other wider agreements, concerning social insurance or the treatment of foreigners in general, which include clauses stipulating equality of treatment for the nationals of one of the contracting parties in the territory of the other.

These more general agreements would be worth more thorough discussion, but here it must be sufficient to mention, by way of example, the Emigration Convention of 20 March 1920 between *France* and *Czechoslovakia*, which provides (in Article 3) that emigrant workers "shall enjoy the protection afforded to workers by the domestic legislation of the high contracting parties and also any protection which the contracting parties may guarantee them in virtue of special conventions concluded between themselves or with other Powers". This clause was specifically referred to by the French Minister of Labour in a Circular of 1 February 1927, concerning the right to unemployment benefit, without, however, any decision being taken on the question whether by reason of this clause unemployment benefit formed part of the protection referred to in the Convention.

In certain cases the problem of the treatment of unemployed foreigners, after having been the subject of an exchange of views between the competent national administrative authorities or of unilateral enquiries, is governed by simple administrative circulars in each country, recognising the right of unemployed workers of a particular nationality to unemployment benefit without further formalities, either because there appears to be sufficient proof of reciprocity or for some other reason. Furthermore, in some countries, especially those with voluntary insurance systems, there are private agreements between mutual aid or industrial funds or organisations, which play an important part in respect of the admission of foreigners to the funds, the reduction of the qualifying period, the transfer of acquired rights, etc. Such agreements may be bilateral or multilateral and may be concluded between organisations in two or more countries.

Thus, in *Belgium*, the approved unemployment societies have concluded with similar funds in other countries (particularly in *France* and the *Netherlands*) reciprocity conventions allowing their members, in the event of transfer from one society to another, to claim from the date of admission the same rights as other members of the society they join. These agreements, based on section 6

of the Royal Order of 25 October 1930 and the Ministerial Circular of 12 December 1924, relate only to the benefits granted by the societies themselves and must be approved by the Permanent Board of Belgian unemployment insurance societies.

In *Denmark* the insurance funds have entered into several agreements with similar organisations abroad.

In *Norway* an Act of 30 June 1911 provides that arrangements entered into between local and foreign funds may allow the establishment of reciprocity schemes in respect of unemployment benefit, especially as regards the condition as to period of residence.

As an example of private multilateral agreements mention may be made of that concluded in 1928, under the auspices of the International Federation of Building Workers, between certain building trade unions in *Austria*, *Czechoslovakia*, *Germany* and *Switzerland*. According to this agreement, which came into force on 1 January 1929, the members of any union adhering to it who work in one of the other countries in question must join the local building union at their place of residence and pay the regular contributions. If this condition is satisfied, a member of any one of the adhering unions who loses his employment in one of the countries concerned will be entitled to unemployment benefit in accordance with the rules of each union, the amount being proportionate to the total contributions he has paid to the various adhering unions during his stay in each country. The settlement of the accounts between the different unions takes place every six months.

A consideration of the agreements enumerated above also suggests certain general conclusions that it may be interesting to summarise. In the first place these texts indicate a certain evolution in the bilateral agreements on unemployment benefit. The negotiators of the agreements appear to have been concerned first of all to draft such agreements only on the basis of a very carefully calculated reciprocity.

The first agreement between *Italy* and *Switzerland* on unemployment benefit, concluded by an exchange of notes in March 1921, is very typical in this respect, for it fixed the amount of the allowances payable to unemployed Italians in Switzerland, stipulating that it should vary not only with the wages previously earned, for which purpose workers were divided into three categories according to their last wages, but also with the nominal value of the benefits paid to unemployed Swiss in Italy, one Italian lira being considered equivalent to one Swiss franc. The second agreement between these two countries, on the other hand, which was concluded on 9 February 1927 and is still in force, rests on a much wider conception and stipulates merely that "nationals of either of the two countries employed in the territory of the other shall be entitled to the same unemployment insurance benefits as are granted under the same conditions to nationals of the country of employment".

It would seem that by now the demand for exact and, so to speak, mathematical reciprocity in respect of benefits has been given up, and that different and more general factors are taken into account in appraising the interests to be reconciled. Similarly, it may be observed that the scope of the agreements was first restricted to "insurance" properly so called, but that now it tends more and more to cover all the various forms of unemployment benefit: extended allowances, relief, emergency benefit, etc. This extension may be explained, on the one hand, by the growth of

national unemployment benefit schemes and, on the other, by the increasing employment of foreign labour in the countries concerned.

The agreements contain little of note concerning the occupations covered.

Mention may, however, be made of the agreement adopted by *Germany* and *Austria* for removing the difficulties from which their nationals in the territory of the other contracting party suffered owing to differences in the scope of their respective laws. According to the notes exchanged between these two countries in 1921 and 1924, occupations exercised by the nationals of one of the contracting parties on the territory of the other which, by their nature, would be subject to unemployment insurance in the national territory entitle the persons concerned to similar relief.

A particularly important point for foreign workers, which certain agreements try to regulate, is that of the qualifying period for acquiring a claim to unemployment benefit. The agreements in question are usually concluded by insurance funds or mutual aid or industrial organisations, because these bodies are in a position to ensure reciprocity by an exchange of services in favour of their respective members.

Among the agreements considered here, those between Germany and Austria and between Germany and Poland are of special interest in view of their great detail and the originality of their methods.

By notes exchanged in 1921 and 1924 the *German* and *Austrian* Governments undertook, among other things, to see that no pressure should be brought to bear on the nationals of the other State to induce them to return to their country of origin in order to claim unemployment benefit.

According to the *German-Polish* Agreement of 14 July 1927 the two Governments undertook to notify each other as soon as possible of any material alteration in the form of the unemployment relief referred to in the agreement, and they defined as material any alteration affecting an Act or Order, or effected by a decision of the Cabinet, or applying to the whole of the territory of the State concerned, or to large towns, or to industrial areas. Another clause of the same kind allows one of the contracting parties to denounce the agreement if any material alteration introduced by the other seems to it to cause a considerable decrease in the benefits granted, and if an arrangement cannot be reached by way of negotiation.

It should be mentioned, finally, that certain agreements aim at securing for the nationals of the contracting States the benefit, not only of regulations already in force, but of any that may be promulgated in the future.

This is true, for instance, of the *Franco-Italian* Labour Treaty of 30 September 1919, according to which the equality of treatment already realised in the matter of accident compensation will be extended, in conditions to be defined by special arrangements, to any social insurance legislation against various risks, such as unemployment, that may subsequently be introduced.

Similarly, one of the clauses of the *German-Polish* Agreement of 14 July 1927 provided that Polish nationals should be granted unemployment insurance benefit after the introduction of unemployment insurance in Germany.

#### § 4. — Special Systems

Certain categories of workers whose occupations are exercised outside the territory of their own country in special circumstances are the subject of unemployment benefit regulations or agreements setting up special systems that differ substantially from the general systems for foreign workers described above. These categories are seasonal (or temporary) and frontier zone workers.

##### SEASONAL WORKERS

It was stated above that in various countries seasonal or temporary workers are already subject, regardless of nationality, to general regulations in the country concerned which often have the effect of excluding them from the ordinary unemployment benefit schemes. For the same reasons, as stated above, special restrictions have been applied to foreign seasonal workers by way of legislation or bilateral agreements.

It has been considered not only that seasonal workers of foreign nationality should be treated in the same way as nationals but, further, that their exclusion from the unemployment benefit scheme is not unfavourable to them. The fact is that these workers immigrate nearly always with the certainty of finding continuous employment, and they are therefore generally sure of not becoming unemployed during the period of their immigration. If they were subject to the unemployment benefit regulations, they would, in most cases, have to pay contributions to an insurance fund in the country of immigration without having any serious reason for fearing the loss of their unemployment during their stay in that country<sup>1</sup>.

Measures of this kind have been applied, for instance, in respect of seasonal immigrants in Germany and Austria.

The *German* Government has concluded a series of agreements on this subject with the governments of neighbouring countries. By the *German-Polish* agreement of 14 July 1927, the contracting governments agreed to exclude from the scope of the agreement migrant agricultural workers of Polish nationality, who thus have no claim to German unemployment insurance benefit as long as they are exempt from compulsory contributions in Germany

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<sup>1</sup> In Switzerland, for instance, the Federal authorities have recommended the unemployment insurance funds not to insure foreign seasonal workers



on the ground of an agreement between the German and Polish Governments in pursuance of the Eighth Administrative Order under the Unemployment Relief Order of 24 March 1927. The same agreement provided that this exception should also apply after the introduction of unemployment insurance in Germany. The exception was subsequently confirmed by Article 9 of the German-Polish Labour Treaty of 24 November 1927.

The German Federal Minister of Labour has also issued decrees exempting from the payment of unemployment insurance contributions seasonal agricultural workers employed in Germany who belong to the following nationalities: Austria (Decree of 6 March 1929); Czechoslovakia (Decree of 8 August 1929); Hungary (Decree of 3 September 1931); and Netherlands (Decree of 2 February 1931).

It may happen, however, that foreign seasonal workers are subject to an unemployment insurance scheme.

In *Switzerland*, according to the report submitted by the Government in 1932 in pursuance of Article 408 of the Treaty of Peace, the situation in respect of unemployment insurance of foreign seasonal workers who have been refused an extension of their permits of residence, or whom the authorities have forbidden to accept employment, is now under consideration. In the meantime the funds have been authorised to pay these seasonal workers unemployment benefit during a short transitional period.

Finally, certain laws contain restrictions in respect of foreigners in occupations that properly speaking are temporary rather than seasonal.

In *Austria*, for instance, the Act of 29 December 1926 (section 1) concerning salaried employees' insurance, provides that employees shall not be deemed to be employed in Austria if they remain in Austria only temporarily while accompanying an employer who has no regular residence in Austria.

## FRONTIER ZONE WORKERS

As in the case of foreign seasonal workers, the restrictions adopted for foreign frontier zone workers are inspired by considerations that are not contrary to their interests. Certain provisions and agreements have even been found indispensable to prevent such workers from being insured twice, which would oblige them to pay contributions to an unemployment insurance scheme both in the country where they work and in that where they retain their permanent domicile, while, at the same time, they may be unable to claim benefit from either scheme if they lose their employment.

To these considerations should also be added the special difficulty of supervising the unemployed when the unemployment institution is able to make enquiries only in the locality where they work and not where they live, or vice versa, a difficulty that, in practice, can be overcome only by collaboration between the competent

institutions of the countries both of employment and residence and by the adoption of joint rules. Finally, it has seemed necessary, in certain cases, to prevent frontier zone workers in one country, who are employed in another where employers are bound to contribute directly to the cost of unemployment benefit schemes, from competing unfairly with national workers. For this reason the obligation of the employers to pay contributions to the unemployment benefit scheme in force is maintained in respect of these workers.

For the reasons mentioned the problems of the payment of benefit to unemployed frontier zone workers arise chiefly between countries with unemployment insurance schemes. They have been dealt with in some cases by unilateral regulations.

In the *Netherlands* the Government several years ago took an administrative decision to the effect that foreign workers employed in the country without living there may not join a State subsidised fund.

In *Switzerland* the Unemployment Insurance Act of 17 October 1924 provides that the Federal subsidy paid to the unemployment funds is not payable in respect of members of the funds who are not domiciled in Switzerland.

In most cases, however, the application of a special system to foreign frontier zone workers has necessitated the conclusion of bilateral agreements.

Apart from the Agreement between Germany and the Netherlands under which the Federal Minister of Labour issued a Decree on 2 February 1931 exempting from the payment of unemployment insurance contributions workers from the Dutch frontier zone domiciled in the Netherlands, and the German-Polish Agreement of 15 May 1922, applicable solely to Upper Silesia, the most important agreements on this point are undoubtedly those of 4 February 1928 between Germany and Switzerland and 29 February 1928 between Germany and Austria. These are also the most detailed and their principal clauses may be summarised as follows:

According to the *German-Swiss* Agreement, frontier zone workers may, if they so wish, insure against unemployment but only in the insurance institutions of their place of domicile (and therefore not in an insurance institution of their place of work). This rule applies irrespective of the nationality—Swiss or German—of the worker. Article 2 provides that the employer's obligation to pay contributions is not affected by the fact that insurance is optional for the workers, if he is liable under national legislation. The object of this provision is to prevent employers in Germany from being tempted to give preference to workers domiciled in Swiss territory. Article 3 provides that if the law of either State (as in Germany) grants benefit only in certain occupations, the frontier zone worker may insure against unemployment only if he is engaged in the territory of the neighbouring State in an occupation insurable under the law of his country of domicile. For the application

of this Agreement the German Minister of Labour issued a Decree on 25 May 1928 providing that workers domiciled in Switzerland and employed in Germany are not liable to German unemployment insurance. On the other hand, workers domiciled in Germany who are employed in Switzerland in an occupation covered by German unemployment insurance may insure in Germany by paying their share of the contribution to the sickness fund of their place of domicile. Employment in Switzerland is thus treated, so far as unemployment benefit is concerned, as employment in Germany.

The *German-Austrian Agreement* of 29 February 1928 provides that the principle of the arrangement of 18 February 1924, under which either party undertakes to recognise any qualifying period completed by its nationals in respect of the unemployment insurance scheme of the other party, provided that the occupation in question is insurable under the national law, shall be extended to nationals of the other party domiciled in the frontier zone. Thus Austrians domiciled in the frontier zone of German territory who have engaged in Austria in an insurable occupation may obtain the recognition, by the German insurance institution, of the qualifying period completed in Austria provided that the occupation is also insurable under German law. Vice versa, Germans domiciled in the frontier zone in Austrian territory who have engaged in Germany in an occupation insurable under German law may obtain the recognition in Austria, in support of their claim for benefit, of any qualifying period they have completed under German insurance, provided that the occupation engaged in is liable to insurance under Austrian law.

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# CONSULTATION OF THE GOVERNMENTS

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*The foregoing analysis shows that the principle of a benefit scheme for involuntarily unemployed persons is applied in a large number of countries. It also shows that the measures of application vary considerably from country to country and even from time to time in the same country.*

*The conclusion which may be drawn from these facts is that any international regulation adopted must be adaptable to different circumstances. If such international regulation takes the form of a Draft Convention, the Convention should deal primarily with the principle of unemployment benefits for unemployed persons, without entering into great detail as to the machinery of carrying it out.*

*It is desirable, however, to determine as far as possible the relative amount of the charges which each State will undertake to assume, as a result of the Convention, for the maintenance of the unemployed. There ought to be a substantial measure of equivalence in respect, for example, of the definition of unemployment, the benefit conditions, the minimum rate of benefit provided, the minimum benefit period, and in respect of the scope of unemployment benefits. If a Draft Convention were adopted leaving to each signatory State the choice between a benefit system applicable compulsorily to all wage earners and salaried employees, or certain specified classes of them, and a system dependent on the voluntary initiative of the persons concerned, it would be necessary that in respect of the latter system guarantees of a certain minimum standard or supplementary measures for the uninsured workpeople should be provided for.*

*The Office has therefore drawn up the following list of points on which it is considered that the Governments might be consulted.*

## FORM OF THE REGULATION

1. Preparation of a Draft Convention concerning benefit schemes for the involuntarily unemployed.

## DEFINITION OF UNEMPLOYMENT

2. Definition of unemployment giving a right to benefit. Distinction between total unemployment (absence of a contract of service) and short time (temporarily stopped while still in possession of a contract of service).

## SCOPE

3. Application in principle to all wage earners and salaried employees, subject to exceptions.

4. Case of agricultural workers.

5. Case of domestic servants.

6. Case :

(a) of employment of a relatively permanent character;

(b) of workers whose earnings exceed a certain sum.

7. Case of seasonal and casual employment.

8. Case of workers :

(a) who have not yet reached a certain age;

(b) who exceed a certain age.

9. Inclusion of the exceptions, if any, in the international Convention or reference to national law.

## BENEFIT CONDITIONS

10. Principle and maximum duration of qualifying period.

11. Proof of involuntary unemployment. Attendance at an employment exchange or elsewhere for the purpose of supervision.

12. Inability to obtain suitable employment. Definition of suitable employment :

(a) employment in a different occupation;

(b) employment in a different district;

(c) wage rates and other conditions of employment;

(d) strike or lock-out in progress in the undertaking where employment is offered.

13. Disqualifications.

14. Waiting period.

15. (a) compulsory attendance at a course of vocational or other instruction;  
(b) obligation to undertake work as a condition of benefit.

16. Special cases:

- (a) married workers;
- (b) seasonal trades;
- (c) casual workers.

17. Means test.

18. Change in the benefit conditions after a certain period of unemployment.

### BENEFITS

19. Provision of facilities for putting the unemployed back to work.

20. Cash benefits.

21. Variation of the rate of benefit according to:

- (a) the rate of contributions of the workers;
- (b) occupation;
- (c) the age and sex of the workers;
- (d) family charges;
- (e) cost of living;
- (f) the rate of wages or salary;
- (g) the duration of unemployment.

22. Maximum rate of benefit:

- (a) in absolute amount;
- (b) in relation to the wages or salary of the worker.

23. Benefits in kind.

### RESOURCES

24. Compulsory or voluntary character of the contribution of the workers.

25. Compulsory or voluntary character of the contribution of the employers.

26. Contributions of public authorities.

27. Proportion of total resources represented by the different contributions.

## ADMINISTRATIVE ORGANISATION

28. The role of:

- (a) the public authorities;
- (b) the workers' organisations;
- (c) the employers' organisations.

29. Methods of settling disputes.

## TREATMENT OF FOREIGNERS

30. Desirability of a separate Convention concerning the treatment of foreigners.

31. Equality of treatment between national and foreign workers in respect of:

- (a) contributions;
- (b) benefits.

32. Complete equality or equality restricted to certain benefits.

33. (a) Unconditional equality or equality on condition of reciprocity;

- (b) If thought desirable, determination of the method of reciprocity (bilateral agreements or general agreement).

34. Case of workers in frontier zones having their residence in one country and working in a neighbouring country.

## SUPPLEMENTARY RECOMMENDATION

35. Indication of the points mentioned above which might be left outside the Draft Convention or Conventions and included in a Recommendation.

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The list below mentions for certain countries the more important periodicals and the principal works containing information on unemployment benefit schemes and their application. It can in no way be taken as a complete bibliography of unemployment benefit schemes, for the object in view has merely been, by indicating the most practical sources, to facilitate research into the main points dealt with in the report and enable the reader to complete his information on the schemes analysed.

In addition to the sources mentioned in the list, the reader can refer to the detailed documentation on unemployment benefit schemes in the publications of the International Labour Office. These include, for instance, the *Legislative Series*, which gives the text of the principal national laws and regulations and international agreements; *Industrial and Labour Information*, which publishes at frequent intervals information on the chief events relating to unemployment in the different countries; and the *International Labour Review*, which, besides publishing monthly statistics showing the number of unemployed, whether insured or not, in various countries also contains occasional articles on various benefit schemes, their principles and methods of application. More complete general studies also appear in the series of *Studies and Reports* (Series C, Unemployment)<sup>1</sup>.

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<sup>1</sup> Cf., for instance, *Bibliography on Unemployment* (First Edition, 1926, C, No. 12; Second Edition, 1930, C, No. 14): Chapter I, General Literature, and Chapter V, Unemployment Insurance and Relief.



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### General

Annual reports on subsidies to the unemployment funds (published in the *Bulletin du Ministère du Travail et de la Prévoyance sociale*). Application of the Decree of 9 September 1905; system of subsidies; number and category of funds according to membership and occupation; number of unemployed and days of benefit, amount of benefit paid, subsidies granted by the State, etc.

*Le fonctionnement de l'Office départemental du placement et de la statistique du travail et sur l'organisation des secours de chômage dans le département de la Seine.* (Paris, Imprimerie municipale.) (Annual reports on the working of the Departmental Employment Exchange and Labour Statistical Office and on the organisation of unemployment relief in the Department of the Seine.) The supervision of unemployment in the Department of the Seine, monthly returns, classified by occupation and sex; number registered; number of claims; number of persons struck off the register; rate of contributions by the State, the Department and the municipality of Paris, etc.

*Rapports annuels de la Commission des finances (Chambre des Députés)* (Imprimerie de la Chambre des Députés) and *Rapports annuels de la Commission des finances (Sénat)* (Imprimerie du Sénat). (Annual reports of the Finance Committees of the Chamber of Deputies and the Senate on the budget estimates for the Ministry of Labour and Social Welfare (Chapters 18: National Unemployment Fund; 19: subsidies to unemployment relief funds).) Comparison with previous years, and occasionally, estimates, information on regulations, administrative organisation and working, etc.

### NON-OFFICIAL PUBLICATIONS

*L'état de notre protection publique contre la privation de ressources résultant, pour les salariés, du chômage à causes économiques.* (Communication from Prof. Edouard FUSTER to the Association française pour le Progrès social. Cf. *Les Documents du Travail*, January-March 1932, pp. 45-62.)

"Un plan d'assurance-chômage". (Study published in *La Voix du Peuple*, organ of the General Confederation of Labour, March 1928. See also the issue of *L'Atelier* for June 1929.)

## GERMANY

### OFFICIAL PUBLICATIONS

#### Legislation

*Reichsarbeitsblatt* (organ of the Ministry of Labour), published three times a month. Gives the text of the more important laws and orders, and articles commenting on legislation.

*Reichsarbeitsmarktanzeiger* (organ of the Ministry of Labour), bi-monthly. Reproduces the regulations of less importance that do not appear in the *Reichsarbeitsblatt*, in particular administrative orders and circulars.

#### Statistics

*Reichsarbeitsblatt*. Gives once a month tables of the number of unemployed in receipt of relief and the number employed on relief works. It also publishes tables showing the financial situation of the Federal Institution for Employment Exchanges and Unemployment Insurance.

*Reichsarbeitsmarktanzeiger*. Publishes once a fortnight statistical returns of the number of unemployed in receipt of benefit and from time to time the results of special statistical enquiries.

### General

*Jahresberichte der Reichsanstalt für Arbeitsvermittlung und Arbeitslosenversicherung* (annual reports of the Federal Institution for Employment Exchanges and Unemployment Insurance).

*Die Verhandlungen der Sachverständigenkommission für Fragen der Arbeitslosenversicherung*. Sonderveröffentlichung des Reichsarbeitsblattes, July 1929. (Minutes of the proceedings of the Committee of Experts for the study of unemployment insurance.)

*Gutachten zur Arbeitslosenfrage*. Erstattet von der Gutachterkommission zur Arbeitslosenfrage. Dritter Teil: Unterstützende Arbeitslosenhilfe. Sonderveröffentlichung des Reichsarbeitsblattes 1931. (Report of the Committee of Experts for the study of unemployment.) Has been translated into English and published by the British Ministry of Labour under the title *The Unemployment Problem in Germany; translation of the report of an Advisory Commission appointed by the Federal Government, 1931*.

## NON-OFFICIAL PUBLICATIONS

### Periodicals

The bi-monthly reviews, *Der öffentliche Arbeitsnachweis* and *Arbeit und Beruf*, and the weekly, *Die Soziale Praxis*, regularly publish articles written by experts on all aspects of unemployment insurance schemes, their organisation and working.

The *Halbjahresbuch der Arbeitsvermittlung und Arbeitslosenversicherung*, edited by Dr. B. LEHFELDT and Dr. O. WEIGERT, of the Ministry of Labour, and Dr. F. BERNDT, of the Federal Institution for Employment Exchanges and Unemployment Insurance, assembles the judicial and administrative decisions on questions of unemployment insurance and employment exchanges and summarises the technical studies published during the half year.

## OTHER PUBLICATIONS

WEIGERT, O., in collaboration with SYRUP, F., BERNDT, F., LEHFELDT, B., and EHLERT, Mrs. M. *Kommentar zum Gesetz über Arbeitsvermittlung und Arbeitslosenversicherung vom 16. Juli 1927*. (1927. 539 pp.) *Ausführungsvorschriften zum Gesetz über Arbeitsvermittlung und Arbeitslosenversicherung*. (1928. 506 pp.) *Neue Vorschriften über Arbeitsvermittlung und Arbeitslosenversicherung*. (1928. 222 pp.) *Weitere neue Vorschriften über Arbeitsvermittlung und Arbeitslosenversicherung*. (1929. 311 pp.) Four volumes (Berlin, Reimar Hobbing). Constitutes a collection of the laws and regulations, circulars, etc., on unemployment benefit, with commentaries.

WILHELM, K. *Die wertschaffende Arbeitslosenfürsorge*. (3rd edition. Berlin, Reimar Hobbing, 1928. 205 pp.) Commentary on the statutory and administrative measures concerning productive unemployment relief.

SYRUP, F. (President of the Federal Institution for Employment Exchanges and Unemployment Insurance). "Die Regelung der Arbeitsvermittlung und Arbeitslosenversicherung im Deutschen Reich", in the *Internationale Rundschau der Arbeit*, September 1927, pp. 801-815.

*Appendices of the Minutes of Evidence taken before the Royal Commission on Unemployment Insurance*. Part IV: *Memoranda by the Ministry of Labour on Unemployment Insurance in Oversea Countries*. (1931.) Contains a very detailed account of the German unemployment benefit scheme.

CARROLL, Mollie Ray. *Unemployment Insurance in Germany*. (Published by the Brookings Institute. x + 137 pp.)

## GREAT BRITAIN

### OFFICIAL PUBLICATIONS

#### *Legislation*

Annual volumes of the *Public General Acts of the Parliament of the United Kingdom*.

#### *Statistics*

The *Ministry of Labour Gazette* (monthly). Contains statistics of the number of insured persons (compiled annually in July) and of the number and percentage of insured persons unemployed, by sex, by industry, and by nature of unemployment (wholly unemployed or temporarily stopped) in each month in Great Britain and in Great Britain and Northern Ireland together.

The *Gazette* of April 1932 contained an article (p. 128) dealing with the effect on the unemployment figures of recent changes in the scheme of unemployment insurance.

The annual *Report of the Ministry of Labour* contains *inter alia* certain statistics of the Unemployment Insurance Fund (covering the calendar year), and statistics of benefit claims allowed and disallowed.

#### *General*

The annual *Unemployment Fund Accounts* (U.K. Exchequer and Audit Department) contain detailed figures for the insurance years ending 31 March.

*Decisions given by the Umpire respecting Claims for Benefit*, published annually, in respect of each calendar year.

*Report on an Investigation into the Employment and Insurance History of a Sample of Persons insured against Unemployment*. 1927.

Three *Reports on Investigations into the Personal Circumstances and Industrial History of Samples of Claimants to Unemployment Benefit*. 1924, 1925, and 1928.

*Report of the Unemployment Insurance Committee* ("The Blanesburgh Committee"). First Vol. 1927. Second Vol.: *Minutes of Evidence*. 1927.

*Report of Inter-Departmental Committee on Agricultural Unemployment Insurance*. 1926.

*Memorandum on Unemployment Benefit in Aid of: (a) Wages on Relief Work, or (b) Wages in Industry*. 1923.

*Report on Outworkers in relation to Unemployment Insurance*. 1928.

*First Report of the Royal Commission on Unemployment Insurance*, June 1931, Cmd. 3872; *Final Report*, November 1932, Cmd. 4185; *Minutes of Evidence*, London, 1931-1932, and *Appendices to the Minutes of Evidence*, 1931-1932.

### NON-OFFICIAL PUBLICATIONS

CREW, Albert, BLACKHAM, R. J., and FORMAN, Archibald. *The Unemployment Insurance Acts 1920-1930*. (London, 1930. 220 pp.)

EMMERSON, H. C., and LASCELLES, E. C. P. *Guide to the Unemployment Insurance Acts*. (London, 1930. 262 pp.)

Each of these books gives a concise account of the provisions of the unemployment insurance legislation and regulations, incorporating the various amendments made in the original Acts up to and including the Act of 1930. As the amending Acts have been numerous and complex, and as no consolidation has taken place, a volume of this kind is almost indispensable to students of the system.

BEVERIDGE, Sir W. H. *Unemployment—A Problem of Industry (1909 and 1930)*. (London, 1930. 514 pp.) A general study of the problem of unemployment. Traces *inter alia* the changes in the scope and character of the unemployment insurance system since its institution.

COHEN, Percy. *The British System of Social Insurance*. (London, 1932. 278 pp.) The section of this volume dealing with unemployment insurance forms the most up-to-date work of reference covering the main features of the system in operation.

DAVISON, Ronald C. *The Unemployed: Old Policies and New*. (London, 1929. 292 pp.) Reviews the development of unemployment insurance and other measures for relieving and assisting the unemployed since 1909.

— *What's Wrong with Unemployment Insurance?* (London, 1930. 73 pp.) Criticisms with suggestions for change.

GILSON, Mary Barnett. *Unemployment Insurance in Great Britain. The National System and Additional Benefit Plans*. (New York, 1931. 560 pp.) A comprehensive study by an American student, covering both State and private insurance schemes.

NATIONAL CONFEDERATION OF EMPLOYERS' ORGANISATIONS. *The Industrial Situation*. (London, 1931. 24 pp.) A short section in this pamphlet deals with unemployment benefits. Proposals were submitted by the Confederation to the Royal Commission on Unemployment Insurance and are reprinted in the *Minutes of Evidence*, 27th day, 5 May 1931.

TRADES UNION CONGRESS GENERAL COUNCIL. *The Trades Union Congress Scheme for State Provision for Unemployment Benefit*. With a foreword by Walter G. CITRINE. (London, 1931. 22 pp.)

— *Fair Play for the Unemployed. The Trade Union Case against the First Report of the Royal Commission on Unemployment Insurance*. (London, 1931. 28 pp.)

— *Pauperising the Unemployed. The Trade Union Case against the Means Test*. (London, 1932. 12 pp.)

## IRISH FREE STATE

### OFFICIAL PUBLICATIONS

#### *Legislation*

Original Acts: as in Great Britain. For amendments subsequent to the constitution of the Irish Free State see Annual Volumes of the *Public General Acts passed by the Oireachtas of Saorstát Éireann* (Parliament of the Irish Free State).

#### *General*

The *Irish Trade Journal* (Dublin, published quarterly by the Statistical Office). Contains summaries of benefit cases decided by the Umpire, occasional articles on unemployment insurance, statistics of numbers employed in insurable industries, etc.

## ITALY

### OFFICIAL PUBLICATIONS

#### *Legislation*

*Bollettino del Lavoro e della Previdenza sociale*, monthly. Publishes and comments on legislation, the decisions of the special Unemployment Insurance Committee and Ministerial circulars concerning unemployment insurance.



*Informazioni Corporative*, appears twice a month. Gives information on the work of the Ministry of Corporations.

*News Notes on Fascist Corporations*, monthly. Notes and comments on measures affecting the corporative movement.

*Le Assicurazioni sociali* (publication of the National Social Insurance Fund), appears every two months. Reproduces and comments on the decisions of the Fund and on laws, decrees and circulars concerning social insurance. Contains articles dealing with unemployment and unemployment insurance.

### Statistics

*Bollettino mensile di statistica dell'Istituto centrale di statistica* (supplement to the *Gazzetta Ufficiale*), monthly. Statistics of unemployment and employment.

*L'Assicurazione contro la Disoccupazione in Italia* (publication of the National Social Insurance Fund). Monthly statistical return of unemployment and insurance. States for each province or region the number of unemployed in receipt of benefit and not in receipt of benefit, classified by industry, sex, age and rate of benefit.

*Bollettino del Lavoro della Previdenza sociale*. Reproduces part of the above-mentioned statistical returns and analyses them.

*Cassa nazionale per le Assicurazioni sociali. Rendiconti dell'anno...* Annual reports on the financial management of unemployment insurance.

### NON-OFFICIAL PUBLICATION

CAMPESE, E. *L'Assicurazione contro la Disoccupazione in Italia*. (Published by the Ministry of National Economy, 1927. 445 pp.) A general survey followed by a legal commentary and statistics of the unemployment insurance scheme in force and of that established by the Royal Decree of 19 October 1919.

## NETHERLANDS

### OFFICIAL PUBLICATIONS

#### Legislation

*Staatsblad van het Koninkrijk der Nederlanden* (official gazette), appears irregularly.

#### Statistics

*Werkloosheidsverzekering Wachtgeldregelingen* (published by the Unemployment Insurance and Employment Exchanges Department of the Ministry of Labour), annual. A detailed report on the income and expenditure of the unemployment funds, the contributions received, the subsidies and benefits classified by funds, insured persons, and occupations, the benefit periods, etc.

*Maandschrift van het Centraal Bureau voor de Statistiek* (organ of the Central Statistical Office), monthly. Contains articles on unemployment insurance and publishes monthly statistics of the number of unemployed in receipt of benefit, the number of days of benefit and the total benefit paid, in all cases classified by occupation and district.

### NON-OFFICIAL PUBLICATION

*Tijdschrift van den Nederlandschen Werkloosheids-Raad*, monthly. Contains articles on unemployment insurance.

## NEW ZEALAND

### OFFICIAL PUBLICATIONS

#### *Legislation*

Annual Volumes of *Acts of Parliament*.

The *New Zealand Gazette* (Wellington, Government Printer), published at irregular intervals. Contains texts of regulations under the Acts made from time to time by Order in Council.

#### *Statistics and General*

*Report of the Unemployment Board*, 1931. Parliamentary Paper H-35 (1931).

*Unemployment: Statement by the Right Hon. J. G. Coates, Minister in Charge of Unemployment*, 13 October 1931. Parliamentary Paper H-35A (Session I, 1932).

*New Zealand Official Year Book*, 1932, p. 508 (Unemployment taxation), pp. 710-711 (Unemployment Act).

The report and statement contain detailed information on operations under the provisions of the Unemployment Acts.

### NON-OFFICIAL PUBLICATION

CAMPBELL, R. M. "Unemployment Relief in New Zealand", in *The Economic Record* (Melbourne), Vol. VIII, No. 14, May 1932, pp. 101-104.

## NORWAY

### OFFICIAL PUBLICATIONS

#### *Legislation*

*Norsk Lovtidende*, appears irregularly.

#### *Statistics*

*Statens Inspektorat for Arbeidsformidling og Arbeidslødsdighetsforsikring: Årsberetning*. Annual reports of the State Inspectorate for Employment Exchanges and Unemployment Insurance on the working of the unemployment funds, their income and expenditure, exceptional State aid for the unemployed, etc.

### NON-OFFICIAL PUBLICATION

*Socialt Arbeid*, monthly. Published by the Norwegian Association for Social Progress. Contains from time to time articles bearing on unemployment insurance.

## POLAND

### OFFICIAL PUBLICATIONS

#### *Legislation*

*Dodatek miesieczny do Kwartalnika Praca i opieka społeczna*, monthly supplement to the quarterly review of the Ministry of Social Welfare. Reproduces Acts, Orders, Circulars, Regulations, agreements, etc., relating to unemployment, which are published in the *Monitor Polski*, the *Dziennik Ustaw*, etc.

### Statistics

*Sprawozdanie z działalności Funduszu bezrobocia.* Detailed annual report of the Unemployment Fund on the working of the workers' unemployment insurance scheme, the number of unemployed in receipt of benefit, classified by sex, occupation, district, etc., the income and expenditure of the Unemployment Fund, etc.

*Sprawozdanie Zakładu Ubezpieczeń Pracowników Umysłowych w Warszawie.* Annual report of the Non-manual Workers' Insurance Institute at Warsaw on the working of the non-manual workers' unemployment insurance scheme, the number of unemployed in respect of benefit, the amount of benefit paid, the contributions paid, etc.

*Statystyka Pracy* (publication of the Polish Statistical Office), quarterly. Contains a monthly return of the number of unemployed manual and non-manual workers and of the amount of benefit paid in the two cases.

### General

*Praca i opieka społeczna* (organ of the Ministry of Social Welfare), quarterly. Publishes from time to time articles concerning unemployment insurance.

### NON-OFFICIAL PUBLICATIONS

BLOCH, J., and KOPANKIEWICZ, Z. *Ubezpieczenia Społeczne.* (Volume II of "Kodaks Pracy", 1932. 766 pp.) A commentary on Polish social insurance legislation; Chapter IV deals with unemployment insurance.

WOJNAROWSKI, Emile, and others. *Ustawa o zabezpieczeniu na wypadek bezrobocia.* (Published by the National Unemployment Fund, 1931. 780 pp.) Explains and comments on Polish unemployment insurance legislation.

## SPAIN

### OFFICIAL PUBLICATIONS

*Boletín del Ministerio de Trabajo y Previsión Social*, monthly. Reproduces or mentions all laws and orders affecting the activity of the Ministry of Labour.

*Anales del Instituto nacional de Previsión*, appears every two months. Gives information concerning unemployment and the measures taken to combat it.

*Boletín Informativo* (organ of the Central Office for Employment Exchanges and Unemployment), appears every two months.

*Previsión contra el paro forzoso.* (Published by the National Welfare Institute, Madrid, 1928. 59 pp.) Gives the history of the different Unemployment Insurance Bills.

## SWEDEN

### OFFICIAL PUBLICATION

SOCIALDEPARTEMENTET. *1926 års arbetslöshetssakkuniga. Betänkande och förslag angående arbetslöshetsförsäkring, arbetsförmedling och reservarbeten. Statens offentliga utredningar 1928: 9.* (Stockholm, Nordest, 1928. 618 pp.) Report of a committee of experts concerning unemployment insurance, employment exchanges, and reserve works for the unemployed.

## SWITZERLAND

### OFFICIAL PUBLICATIONS

#### Legislation

*Reueuil des lois fédérales — Eidgenössische Gesetzsammlung.* Gives the text of Acts, Orders and Decrees promulgated by the Federal authorities.

*Feuille fédérale — Bundesblatt.* Reproduces the explanatory memoranda (messages) to the various measures adopted by the Federal authorities.

*La législation sociale en Suisse — Die Schweizerische Gesetzgebung auf dem Gebiet des Arbeitsrechts und der Sozialversicherung* (supplement to *La Vie économique — Die Volkswirtschaft*, monthly organ of the Federal Department of National Economy). Collection of social legislation in the different cantons. See also the legislative series of the cantons.

#### Statistics

*La Vie économique — Die Volkswirtschaft* (publication of the Federal Department of National Economy), monthly. Contains, among other things: (1) monthly returns of the number of insured unemployed, showing (a) for all the funds and (b) for each of about 60 funds, the number and percentage of the wholly and partially unemployed; (2) quarterly returns of the members of unemployment funds working full time classified by occupation; and (3) of wholly and partially unemployed members of unemployment insurance funds classified by occupation; (4) annual returns of the members of unemployment funds, shown by canton and category of fund, together with a statement of the percentage of insured persons in relation to the number of insurable workers.

*Les résultats de la statistique sociale de la Suisse — Ergebnisse der Schweizerischen Sozialstatistik* (Year Book published since 1931 by the Federal Office of Industry, Arts and Crafts, and Labour). Summarises the above-mentioned statistics for the year.

*Rapports du Conseil fédéral à l'Assemblée fédérale sur sa gestion — Berichte des Schweizerischen Bundesrats an die Bundesversammlung über seine Geschäftsführung.* Annual reports containing chapters dealing with the work of the Federal Department of National Economy and information on the application and cost of unemployment insurance.

*La Suisse économique et sociale — Volkswirtschaft, Arbeitsrecht und Sozialversicherung der Schweiz* (published in 1924 by the Federal Department of National Economy). Vol. I: historical and systematic survey. 854 pp. Vol. II: text of laws and orders. 1,103 pp. (1927.) Several chapters of this survey deal with unemployment insurance.

*Principes d'application de la loi fédérale d'assurance-chômage.* Booklet published in 1928 by the Federal Office of Industries, Arts and Crafts, and Labour.

### NON-OFFICIAL PUBLICATIONS

RENGGLI, M. (Director of the Federal Office of Industries, Arts and Crafts, and Labour). *Le chômage et nos mesures de défense — Arbeitslosigkeit und Krisenmassnahmen in der Schweiz.* (1928. 24 pp.)

RABINOWITCH, G. S., and SPATES, T. *Unemployment Insurance in Switzerland.* (Published by Industrial Relations Counselors, New York, 1931. 276 pp.)

# UNITED STATES OF AMERICA

## OFFICIAL PUBLICATIONS

### *Legislation*

#### Wisconsin

Laws of the Special Session, 1931, of the Wisconsin Legislature (Chap. 20: Unemployment Reserves and Compensation Act, 28 January 1932).

### *General*

DEPARTMENT OF LABOUR, BUREAU OF LABOUR STATISTICS. *Unemployment Benefit Plans in the United States and Unemployment Insurance in Foreign Countries*. Bulletin No. 544, Washington, July 1931. 385 pp.

SEVENTY-SECOND CONGRESS, FIRST SESSION. *Unemployment Relief*. (Hearings before a sub-committee of the Committee on Manufactures, United States Senate, on two Bills relating to unemployment relief.) Washington, 1932. 380 pp. Contains a considerable amount of information on the extent and methods of unemployment relief in the United States.

— *Hearings before a Select Committee on Unemployment Insurance, United States Senate, . . . pursuant to Senate Resolution 483 (71st Congress)*. Washington, 1932. 644 pp.

— *Unemployment Insurance*. Senate Report No. 629. Washington, May 1932. 26 pp. Contains the individual views of Senator Wagner, a member of the Select Committee to investigate unemployment insurance.

— *Unemployment Insurance: Report of the Select Committee to investigate unemployment insurance pursuant to Senate Resolution No. 483, Seventy-first Congress, a Resolution to Investigate the Subject of Unemployment Insurance Systems in the United States and Foreign Countries*. Senate Report No. 964. Washington, 1932. 53 pp. Contains recommendations with regard to unemployment insurance.

## NON-OFFICIAL PUBLICATIONS

COLCORD, Joanna C., KOPLOVITZ, William C., and KURTZ, Russel H. *Emergency Work Relief as Carried out in Twenty-six American Communities, 1930-1931, with Suggestions for Setting up a Programme*. (New York, 1932. 286 pp.) A survey, made under the auspices of the Russell Sage Foundation, of relief work methods in leading American cities during the current depression.

GOODRICH, Carter. "An analysis of American Plans for State Unemployment Insurance", in *American Economic Review*, September 1931, pp. 399-415. Analysis of Bills submitted to the various State legislatures.

HOAR, Roger Sherman. *Unemployment Insurance in Wisconsin*. (Milwaukee (Wis.), 1932. 101 pp.) A history and analysis of the legislation by an opponent of compulsory unemployment insurance. Chapter VI of the book reproduces the text of the Wisconsin Unemployment Reserves and Compensation Act of 28 January 1932.

MUNTZ, E. E. "An analysis of the Wisconsin Unemployment Compensation Act", in *American Economic Review*, September 1932, pp. 414-428. Analyses the provisions of the Act and discusses prospects of operation.

STEWART, Bryce M. *Unemployment Benefits in the United States. The Plans and their Setting*. (New York, 1930. 727 pp.) A comprehensive study of trade union and employers' schemes.

## U.S.S.R.

## OFFICIAL PUBLICATIONS

*Legislation*

*Sobranie Zakonov SSSR* (collection of laws of the U.S.S.R.), appears five or six times a month. Gives the text of the more important decrees and orders.

*Izvestia KKT* (bulletin of the Commissariat of Labour), appears three times a month. Gives the text of all orders and decrees and the principal administrative instructions issued by the Commissariat of Labour and the Central Social Insurance Council of the U.S.S.R.

*Statistics*

*Voprosy Trooda* (labour questions, review of the Commissariat of Labour), monthly. Gave until 1930 statistics of employment and unemployment.

*Voprosy Strakhovania* (insurance questions). Published irregularly until 1930 statistics of unemployed persons in receipt of benefit and the amount of unemployment benefit paid.

*Statistika Socialnogo Strakhovania* (social insurance questions) for 1924-1925. Published by the Commissariat of Labour and edited by MINZ and ENGEL.

*Statistika Trooda i Socialnogo Strakhovania* (statistics of labour and social insurance), 1925-1926, 1926-1927. Published by the Commissariat of Labour and edited by MINZ and ENGEL.

*Statistik der Sozialversicherung*, 1925-1926. Published in German by the Social Insurance Council of the U.S.S.R.

*General*

Reports of the Central Trade Union Council of the U.S.S.R. to the Seventh and Eighth Trade Union Congresses (for the periods 1924-1926 and 1926-1928). Reports on the work of the Commissariat of Labour of the U.S.S.R. submitted to the Seventh and Eighth Trade Union Congresses.

## NON-OFFICIAL PUBLICATIONS

RODMANN, V. *Obespetchenie bezrabotnykh*. (First edition, Moscow, 1927; second edition, Moscow, 1928.)

YOURINE, N. *Kak polouchit iz strakhkassy posobie po bezrabotitze*. (Moscow, 1929.)

TABASSOV, S. A. *Posobie po bezrabotitze*. (Moscow, 1929.)

GUTERNANN, SACK and KAPLOUNE. *Obespetchenie po bezrabotitze v poriadke socialnogo obespetchenia*. (Moscow, 1928.)

ENGEL, I. *Socialnoe strakhovanie v SSSR*. (Moscow, 1929.)

NEMTCHENKO, L. P. *Socialnoe strakhovanie v Soyuzze SSSR, 1924-1926*. (Moscow, 1927.)

WEISSENBERG, W. "Die versicherungsmassige Arbeitslosenfursoorge in der Union der Sozialistischen Sowjetrepublik vor der Aufhebung der Unterstutzungszahlungen in Oktober 1930", in *Reichsarbeitsblatt*, II, 25 May 1931, p. 126.

INTERNATIONAL LABOUR OFFICE. *Industrial Life in Soviet Russia*. Studies and Reports, Series B, No. 14 (Geneva, 1924). (See Chapter VI, Social Insurance.)



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